

43099

Sundstrand Corporation



CORPORATE OFFICES • 4949 HARRISON AVENUE, P.O. BOX 7003 • ROCKFORD, ILLINOIS 61125-7003 • PHONE (815) 226-6000 • TWX 910-631-4255 • TELEX 25-7440

April 27, 1989

VIA FEDERAL EXPRESS



Ms. Carolyn D. Bohlen
Superfund Program Manager
Branch 5HSM-12
U. S. Environmental Protection Agency
230 South Dearborn Street
Chicago, Illinois 60604

Re: Request for Information Pursuant to
Section 104(e) of CERCLA and
Sections 3007 of RCRA for
Southeast Rockford Site, Rockford, Illinois

Sundstrand Corporation, Rockford, Illinois
4751 Harrison Avenue (Personnel Building)
4747 Harrison Avenue (Plant 6)
4950 American Road (Service Center)
4450 Kishwaukee Street (Plant 10)
2421 11th Street (Plant 1)
2210 Harrison Avenue (Suntec, formerly Hydraulics)

Dear Ms. Bohlen:

This is a response to the March 22, 1989 request for information for the Southeast Rockford Site located in Rockford, Illinois, concerning the above referenced facilities owned by Sundstrand Corporation. We have focused our response on the geographical area bounded by Harrison Avenue to the north, 20th Street to the east, 8th Street to the west, and Sawyer Road to the south.

Sundstrand Corporation hereby objects to this request for information on the grounds that the request is overbroad, extends beyond authority under RCRA and CERCLA, and seeks information which is not relevant to an investigation concerning the Southeast Rockford Site. None of the responses supplied shall be construed as an admission on the part of Sundstrand Corporation or any of its divisions in connection with this request.


Ms. Carolyn D. Bohlen
April 27, 1989
Page Two

Sundstrand Corporation reserves the right to supplement all statements made and to supply further documents within this response should further information or documents become available.

If you have any questions concerning this response, please contact me at 815-226-6880.

Very truly yours,

SUNDSTRAND CORPORATION


Linda S. Aylward
Senior Associate Attorney

LSA/clb
Attachments (2)

OK

AFFIDAVIT

The information contained as attached in the 104(e) response letter dated April 27, 1989, to the U. S. Environmental Protection Agency (U.S. EPA) concerning the Southeast Rockford Site and waste materials generated and disposed of by Sundstrand Corporation is hereby certified as true and accurate to the best of signatory's knowledge and belief. The documents enclosed as exhibits hereto are hereby certified to as true and authentic to the best of the signatory's knowledge and belief. Should the signatory find at any time after the submittal of the requested information that any portion of the submitted information may be incorrect or inaccurate, the undersigned shall so notify the U.S. EPA. Furthermore, the undersigned hereby continues its reservation of the right to change, modify or supplement the statements and documents contained within the Section 104(e) response.

Dated: April 27, 1989.

By: William R. Coole
William R. Coole,
Assistant Secretary of
Sundstrand Corporation

OK

Attachment 1

Analytical Reports

Material Safety Data Sheets



NATIONAL
ENVIRONMENTAL
TESTING, INC.

NET Midwest, Inc.
Rockford Division
3548 35th Street
Rockford, IL 61109
Tel: (815) 874-2171

Formerly: Aqualab, Inc.

ANALYTICAL REPORT

Mr. Al Munn
SUNDSTRAND AVIATION
4747 Harrison Avenue
Rockford IL 61108

07-29-88

Sample No: 55055

SAMPLE DESCRIPTION: Waste 1,1,1-Trichloroethane

Date Taken: 06-22-88

Date Received: 06-23-88

Ash	0.07	%
BTU	4,335.	/lb
Chlorine, Total (Profile)	3.51	%
Solids, Total (non-aqueous)	0.92	%
Sulfur (Profile)	0.11	%
Arsenic	<0.05	ug/g
Cadmium	2.15	ug/g
Chromium, Total	14.4	ug/g
Lead	28.5	ug/g
TOX	3.51	%
Ignitability (Flash Point)	No Flash @ 210.	Degree F
EP Tox - Cadmium	0.082	mg/L
EP Tox - Chromium	0.027	mg/L
EP Tox - Lead	0.99	mg/L

Toni Gartner, Manager
Rockford Division



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Rockford, IL 61109
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Formerly: Aqualab, Inc.

ANALYTICAL REPORT

Mr. Al Munn
SUNDSTRAND AVIATION
4747 Harrison Avenue
Rockford IL 61108

07-29-88


Sample No: 55056

SAMPLE DESCRIPTION: Waste Perchloroethylene

Date Taken: 06-22-88

Date Received: 06-23-88

Ash	<0.01	%
BTU	2,300.	/lb
Chlorine, Total (Profile)	3.09	%
Solids, Total (non-aqueous)	0.64	%
Sulfur (Profile)	<0.1	%
Arsenic	<0.05	ug/g
Cadmium	0.95	ug/g
Chromium, Total	1.05	ug/g
Lead	4.0	ug/g
TOX	3.09	%
Ignitability (Flash Point)	No Flash @ 210.	Degree F


Tom Gartner, Manager
Rockford Division

MATERIAL SAFETY DATA SHEET

SAFETY-KLEEN CORP.

777 Big Timber Rd.

Elgin, IL 60120



safety-kleen corp.

IDENTITY (As Used on Label and List)

Safety-Kleen Perchloroethylene

Note: Blank spaces are not permitted. If any item is not applicable, or no information is available, the space must be marked to indicate that.

Section I

Part #737

Manufacturer's Name

Safety-Kleen Corp.

Emergency Telephone Number

312/697-8460

Address (Number, Street, City, State, and ZIP Code)

777 Big Timber Road

Telephone Number for Information

312/697-8460

Elgin, Illinois 60120

Date Prepared

11/7/85, revised 4/24/86

Signature of Preparer (optional)

Section II—Hazardous Ingredients/Identity Information

Hazardous Components (Specific Chemical Identity; Common Name(s))	OSHA PEL	ACGIH TLV	Other Limits Recommended	% (optional)
Perchloroethylene (Stabilized)	100 ppm	50 ppm		

Section III—Physical/Chemical Characteristics

Boiling Point	250°F	Specific Gravity (H ₂ O = 1)	1.6
Vapor Pressure (mm Hg.) @ 20°C	13	Melting Point	N/A
Vapor Density (AIR = 1)	5.8	Evaporation Rate (toluene = 1)	0.09

Solubility in Water

Negligible.

Appearance and Odor

Colorless, clear liquid, mildly sweet.

Section IV—Fire and Explosion Hazard Data

Flash Point (Method Used)	Flammable Limits	LEL	UEL
None (tag closed cup)	N/A		

Extinguishing Media

N/A

Special Fire Fighting Procedures

Self-contained breathing equipment should be used by firemen in building where

Perchloroethylene is stored. Keep container cool.

Unusual Fire and Explosion Hazards

Vapors can be ignited by high energy ignition source. Decomposes with fire or hot surfaces to acidic gases and other highly toxic substance.

Section V—Reactivity Data

Stability	Unstable	Conditions to Avoid
		Contact with open flame, hot surfaces or emissions from
	Stable	welding arc.

Incompatibility (Materials to Avoid)

Hazardous Decomposition or Byproducts

Hydrogen chloride, phosgene and other highly toxic substance.

Hazardous Polymerization	May Occur	Conditions to Avoid
	Will Not Occur	

Section VI—Health Hazard Data

Route(s) of Entry:	Inhalation? yes	Skin? yes	Ingestion? yes
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Health Hazards (Acute and Chronic)

Overexposure can cause vomiting, nausea, drowsiness, unconsciousness and even death in extreme cases.

Carcinogenicity:	NTP? no	IARC Monographs? no	OSHA Regulated? no
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Perchloroethylene has been identified as an animal carcinogen by NTP, but is not listed on IARC or OSHA carcinogen lists as of August 1985.

Signs and Symptoms of Exposure

Vomiting, drowsiness, nausea.

Medical Conditions

Generally Aggravated by Exposure Unknown.

Emergency and First Aid Procedures

Move to fresh air. Remove contaminated clothing. If breathing has stopped, administer artificial respiration. Keep warm and quiet. Call a physician. Eye contact - wash with copious amounts of water. Never administer adrenaline.

Section VII—Precautions for Safe Handling and Use**Steps to Be Taken in Case Material is Released or Spilled**

Evacuate the area, ventilate, avoid breathing vapor or coming in contact with liquid.

Clean up area (wear protective clothing), contain spill, transfer by mopping or with absorbent material to storage container.

Waste Disposal Method

Dispose of in accordance with company, local, state and federal regulations.

Precautions to Be Taken in Handling and Storing

Avoid contact with skin and avoid vapors. Pipe vents outdoors. Store in cool, dry, ventilated area.

Other Precautions

Prevent moist air from entering storage. No smoking in presence of vapors.

Section VIII—Control Measures**Respiratory Protection (Specify Type)**

None required when used with adequate ventilation.

Ventilation	Local Exhaust Sufficient to maintain below TLV.	Special ---
	Mechanical (General) ----	Other ---

Protective Gloves

Neoprene, viton, PVC coated.

Eye Protection

Chemical safety goggles.

Other Protective Clothing or Equipment

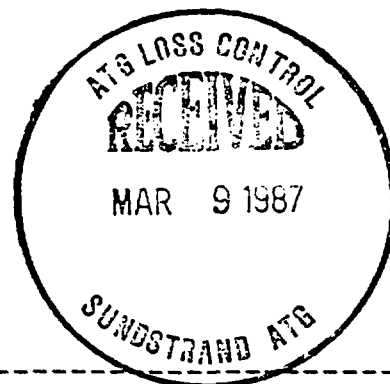
Protective headgear and apron when splashing is a problem.

Work/Hygeienic Practices

Do not smoke when using this product.



HYDRITE CHEMICAL CO.
2655 N. MAYFAIR ROAD
MILWAUKEE, WI 53226



MATERIAL SAFETY DATA SHEET

AA-1002

STODDARD SOLVENT

PAGE 1

DISTRIBUTED BY: HYDRITE CHEMICAL CO.
2655 NORTH MAYFAIR ROAD
MILWAUKEE, WI 53226
(414) 257-2300
(414) 277-1311

MSDS#:HY861AA1002XX

PREPARED BY:LMT/JRS
01/30/86

MANUFACTURED BY: Shell

SECTION I - PRODUCT INFORMATION

TRADE NAME: Stoddard Solvent
CHEMICAL NAME SYNONYMS: Shell Sol 340

C.A.S. REGISTRY #: 64742-88-7
CHEMICAL FAMILY: Hydrocarbon Solvent

FORMULA: Hydrocarbon Mixture

DOT PROPER SHIPPING NAME: PETROLEUM NAPHTHA

D.O.T. HAZARD CLASS: COMBUSTIBLE LIQUID

D.O.T. IDENTIFICATION #: UN1255 D.O.T. LABEL: Combustible

SECTION II - HAZARDOUS INGREDIENTS

INGREDIENT	PERCENT	TLV LEVEL	PEL LEVEL
Paraffins	47%	Not Estab.	Not Estab.
Naphthenes	50%	Not Estab.	Not Estab.
Aromatics	3%	Not Estab.	Not Estab.

SECTION III - PHYSICAL DATA

BOILING POINT (DEG. F): 316 - 358
FREEZING POINT (DEG.F): Not Estab.
VAPOR PRESSURE (MM HG): 7.5 @100 F
VAPOR DENSITY (AIR=1) : 4.7
SOLUBILITY IN WATER: Negligible

SPECIFIC GRAVITY: 0.76
PERCENT VOLATILE
BY VOLUME%: 100 %
EVAPORATION RATE(nBuAc): 0.15



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STODDARD SOLVENT

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SECTION III - PHYSICAL DATA

APPEARANCE AND ODOR: Light-colored liquid. Typical Hydrocarbon odor.

SECTION IV - FIRE EXPLOSION HAZARD DATA

FLASH POINT (METHOD USED): 104 Deg. F. (TCC).

FLAMMABLE LIMITS

LEL: 1.0

UEL: 7.0

EXTINGUISHING MEDIA: Water spray. Dry Chemical. Carbon Dioxide.
Alcohol Foam.

SPECIAL FIRE FIGHTING PROCEDURES: Evacuate area of unprotected personnel. Wear protective clothing including a NIOSH-Approved self-contained breathing apparatus. Cool fire-exposed containers with water spray. Avoid water accumulation. Product may float and be reignited at water's surface. Run-off from fire control may cause pollution.

UNUSUAL FIRE EXPLOSION HAZARDS: COMBUSTIBLE LIQUID.

SECTION V - HEALTH HAZARD DATA

THRESHOLD LIMIT VALUE: 500 ppm (OSHA 29 CFR 1910.2)
100 ppm (ACGIH 1985-86)

EFFECTS OF OVEREXPOSURE

EYE CONTACT: Short term liquid or vapor contact may result in slight irritation. Prolonged or repeated contact may be more irritating.

SKIN CONTACT: Prolonged and repeated contact with skin can cause defatting and drying of the skin which may result in skin irritation and dermatitis.

INHALATION: High concentrations or prolonged exposure to lower concentrations may be slightly irritating to mucous membranes. Inhalation overexposure can lead to central nervous system



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STODDARD SOLVENT

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SECTION V - HEALTH HAZARD DATA

depression producing effects such as headaches, nausea, dizziness and loss of consciousness.

INGESTION: Liquid ingestion may result in vomiting; aspiration (breathing in of liquid into the lungs) must be avoided as liquid contact with the lungs can result in chemical pneumonitis and pulmonary edema/hemorrhage.

OTHER: Reports of animal test studies have shown possible effects to: the kidneys. The relevance of these effects to man is unknown.

EMERGENCY AND FIRST AID PROCEDURES

EYE CONTACT: Immediately flush eyes with plenty of water for at least 15 minutes. Hold eyelids open during this flushing with water. Call a physician immediately.

SKIN CONTACT: Flush area with water while removing contaminated clothing and shoes. Follow by washing with soap and water. Do not reuse clothing or shoes until cleaned. If irritation persists, get medical attention.

INGESTION: Do not induce vomiting. If vomiting occurs spontaneously, keep head below hips to prevent aspiration of liquid into the lungs. Contact a physician immediately. NOTE TO THE PHYSICIAN: Depending upon the amount of material ingested and retained, as well as the toxicity of the product, gastric lavage should be considered. Keep patient's head below hips to prevent pulmonary aspiration. If comatose, a cuffed endotracheal tube will prevent aspiration. Consult a poison control center.

INHALATION: Remove victim to fresh air. If not breathing, give artificial respiration, preferably mouth-to-mouth. If breathing is difficult, give oxygen. CALL A PHYSICIAN.

SECTION VI - REACTIVITY DATA

STABILITY: X STABLE UNSTABLE

CONDITIONS TO AVOID: Avoid contact with heat, sparks, and open flame.



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STODDARD SOLVENT

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SECTION VI - REACTIVITY DATA

INCOMPATIBILITY: Strong Oxidizing Agents. Acids. Alkalies.

HAZARDOUS DECOMPOSITION PRODUCTS: Thermal decomposition may produce Carbon Monoxide, Carbon Dioxide, and unidentifiable organic materials.

HAZARDOUS POLYMERIZATION: ☐ MAY OCCUR ☒ WILL NOT OCCUR

SECTION VII - SPILL OR LEAK PROCEDURES

STEPS TO BE TAKEN IN CASE MATERIAL IS RELEASED OR SPILLED:

COMBUSTIBLE MATERIAL. Eliminate all sources of ignition. Evacuate unprotected personnel from area. Maintain adequate ventilation. Use proper Safety Equipment. Contain spill, place into drums for proper disposal. Soak up residue with non-flammable absorbent material. Place in non-leaking containers for immediate disposal. Flush remaining area with water to remove trace residue and dispose of properly. Avoid direct discharge to sewers and surface waters. Notify authorities if entry occurs. Under EPA-CWA, this product is classified as an oil under Section 311. Spills into or leading to surface waters that cause a sheen must be reported to the National Response Center, 800-424-8802.

WASTE DISPOSAL METHOD: Observe all Local, State, and Federal Regulations. Dispose of at approved Landfill Site or Waste Treatment Facility. Reclaim (recycle) solvent. DO NOT pressurize, cut, weld, braze, solder, drill, grind or expose empty containers to heat, flame, sparks or other sources of ignition. EPA-RCRA Hazardous Waste Number = D001.

SECTION VIII - SPECIAL PROTECTION INFORMATION

CONSULT SAFETY EQUIPMENT DISTRIBUTOR

RESPIRATORY PROTECTION: If TLV is exceeded wear: NIOSH-Approved



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STODDARD SOLVENT

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SECTION VIII - SPECIAL PROTECTION INFORMATION

self-contained breathing apparatus. NIOSH-Approved organic respirator.

VENTILATION: Maintain adequate ventilation. Keep levels below recommended TLV. Use explosion-proof equipment. Avoid mist formation.

PROTECTIVE GLOVES: Polyvinyl Alcohol. Neoprene.

EYE PROTECTION: Chemical Safety Goggles. Do not wear contact lenses.

OTHER PROTECTIVE EQUIPMENT: Eye-wash station. Safety shower. Rubber apron. Chemical safety shoes. Protective clothing.

SECTION IX - SPECIAL PRECAUTIONS

PRECAUTIONS TO BE TAKEN IN HANDLING AND STORING:

COMBUSTIBLE LIQUID. Store in cool, well-ventilated area away from all sources of ignition and out of direct sunlight. Ground all equipment to prevent accumulation of static charge. Keep containers tightly closed. Relieve pressure in drums weekly. Store away from incompatible materials.

OTHER PRECAUTIONS: Avoid contact with skin and eyes. Do not swallow. Use with adequate ventilation. Avoid prolonged or repeated breathing of vapors. Wash thoroughly after handling. Avoid dust or mist formation.

SECTION X - SUPPLEMENTAL HEALTH INFORMATION

CARCINOGEN CONTENT

% PPM INGREDIENT

IARC NTP OSHA



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SECTION X - SUPPLEMENTAL HEALTH INFORMATION

NOTE : This product does not contain any known or potential carcinogens as listed in NTP, IARC, or OSHA.

LD50 ORAL : Rat: > 25 ml/kg (Similar Product - Shell)
LD50 SKIN : Rabbit: > 4 ml/kg (Similar Product - Shell)
LC50 INHALATION : Rat: 700 ppm/4H (Similar Product - Shell)

** **

The data in this Material Safety Data Sheet relates only to the specific material designated and does not relate to its use in combination with any other material or process. The data contained is believed to be correct. However, since conditions of use are outside our control it should not be taken as a warranty or representation for which HYDRITE CHEMICAL CO. assumes legal responsibility. This information is provided solely for your consideration, investigation, and verification.

AVGANIC INDUSTRIES INC.
114 N. MAIN STREET
COTTAGE GROVE, WI 53527

MATERIAL SAFETY DATA SHEET

RC-0020

RC 1-1-1 TRICHLOROETHANE

PAGE 1

DISTRIBUTED BY: AVGANIC INDUSTRIES INC.
114 NORTH MAIN STREET
COTTAGE GROVE, WI 53527
(608) 257-1414
() -

MSDS#:AV871RC0020XX

PREPARED BY:NAO/JRS
03/24/86

MANUFACTURED BY: AVGANIC INDUSTRIES, INC.

SECTION I - PRODUCT INFORMATION

TRADE NAME: RC 1,1,1-TRICHLOROETHANE
CHEMICAL NAME SYNONYMS: Methyl Chloroform

C.A.S. REGISTRY #: 71-55-6
CHEMICAL FAMILY: Chlorinated Hydrocarbon

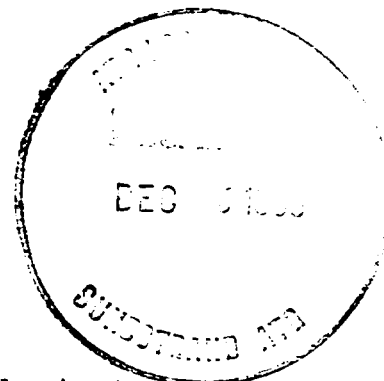
FORMULA: CH₃CCl₃

DOT PROPER SHIPPING NAME: RC 1-1-1 TRICHLOROETHANE

D.O.T. HAZARD CLASS: ORM A

D.O.T. IDENTIFICATION #: UN2831

D.O.T. LABEL: Chlorinated



SECTION II - HAZARDOUS INGREDIENTS

INGREDIENT	PERCENT	TLV LEVEL	PEL LEVEL
1,1,1-Trichloroethane	93-95%	350 ppm	350 ppm
Acetone	0-0.5%	750 ppm	1000 ppm
Isopropyl Alcohol	0-0.5%	400 ppm	400 ppm
Methylene Chloride	0-2%	100 ppm	500 ppm
1,1,2-Trichloro-1,2,2-Trifluoroethane	0-2%	1000 ppm	1000 ppm
Trichloroethylene	0-2%	50 ppm	100 ppm
Methyl Ethyl Ketone	0-0.5%	200 ppm	200 ppm
n-Propyl Alcohol	0-0.5%	200 ppm SKIN	200 ppm
Toluene	0-1%	100 ppm	200 ppm
Xylene (o-,m-,p-, isomers)	0-0.5%	100 ppm	100 ppm
n-Butyl Acetate	0-Trace	150 ppm	150 ppm
Methyl Isobutyl Ketone	0-Trace	50 ppm	100 ppm

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RC 1-1-1 TRICHLOROETHANE

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SECTION II - HAZARDOUS INGREDIENTS

1,2-Butylene Oxide	< 1%	Not Estab.	Not Estab.
Stabilizers	< 5%	Not Estab.	Not Estab.

NOTE : This product is a variable blend. The compounds listed have been identified by analysis of a typical blend of the product. Stabilizers commonly include: 1,2-Butylene oxide, 1,4-Dioxane, s-Butanol, Ethyl Acetate, and Nitromethane. Other stabilizers which may also be present are: t-Amyl Alcohol and t-Butyl Alcohol.

SECTION III - PHYSICAL DATA

BOILING POINT (DEG. F): 165.4	SPECIFIC GRAVITY: 1.3
FREEZING POINT (DEG.F): -49	PERCENT VOLATILE
VAPOR PRESSURE (MM HG): 135 @ 25 C	BY VOLUME%: 100 %
VAPOR DENSITY (AIR=1) : 4.6	EVAPORATION RATE(Ether): 0.4
SOLUBILITY IN WATER: Negligible	

APPEARANCE AND ODOR: Clear, colorless liquid. Typical Hydrocarbon odor.

SECTION IV - FIRE EXPLOSION HAZARD DATA

FLASH POINT (METHOD USED): None.

FLAMMABLE LIMITS LEL: 7 UEL: 15

EXTINGUISHING MEDIA: Water spray. Dry Chemical. Carbon Dioxide.

SPECIAL FIRE FIGHTING PROCEDURES: Evacuate area of unprotected personnel. Wear protective clothing including a NIOSH-Approved self-contained breathing apparatus. Cool fire-exposed containers with water spray. Run-off from fire control may cause pollution.

UNUSUAL FIRE EXPLOSION HAZARDS: Concentrated vapors can be ignited by high intensity heat source. Product may thermally decompose to produce Hydrogen Chloride vapors and possibly traces of Phosgene.

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SECTION IV - FIRE EXPLOSION HAZARD DATA

SECTION V - HEALTH HAZARD DATA

THRESHOLD LIMIT VALUE: 350 ppm (OSHA 29 CFR 1910.Z)
350 ppm - TWA; 450 ppm - STEL (ACGIH 1986-87)
* Exposure Limits listed are the lowest
values for the major constituents of the product.

EFFECTS OF OVEREXPOSURE

EYE CONTACT: Short term liquid or vapor contact may result in slight irritation. Prolonged or repeated contact may be more irritating. Permanent eye damage may result.

SKIN CONTACT: May cause mild irritation to skin. Prolonged and repeated contact with skin can cause defatting and drying of the skin which may result in skin irritation and dermatitis.

INHALATION: High concentrations or prolonged exposure to lower concentrations may be slightly irritating to mucous membranes. Inhalation overexposure can lead to central nervous system depression producing effects such as headaches, nausea, dizziness and loss of consciousness.

INGESTION: Liquid ingestion may result in vomiting; aspiration (breathing in of liquid into the lungs) must be avoided as liquid contact with the lungs can result in chemical pneumonitis and pulmonary edema/hemorrhage. Large amounts may be fatal.

OTHER: Reports of animal test studies have shown possible effects to: the liver. The relevance of these effects to man is unknown.

EMERGENCY AND FIRST AID PROCEDURES

EYE CONTACT: Immediately flush eyes with plenty of water for at least 15 minutes. Hold eyelids open during this flushing with water. Call a physician immediately.

SKIN CONTACT: Flush area with water while removing contaminated clothing and shoes. Follow by washing with soap and water. Do not

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SECTION V - HEALTH HAZARD DATA

reuse clothing or shoes until cleaned. If irritation persists, get medical attention. Do not apply oils or ointments unless ordered by the physician.

INGESTION: If conscious, drink a quart of water. DO NOT induce vomiting. CALL A PHYSICIAN immediately. If unconscious or in convulsions, take immediately to a hospital or a physician. NEVER induce vomiting or give anything by mouth to an unconscious victim.

INHALATION: Remove victim to fresh air. If not breathing, give artificial respiration, preferably mouth-to-mouth. If breathing is difficult, give oxygen. CALL A PHYSICIAN. Do not give stimulants unless instructed to do so by a physician.

OTHER: ADDITIONAL NOTES TO PHYSICIAN: Chlorinated Solvent. Never administer adrenalin following overexposure. Increased sensitivity of the heart to adrenalin may be caused by overexposure to solvent.

SECTION VI - REACTIVITY DATA

STABILITY: ☒ STABLE ☐ UNSTABLE

CONDITIONS TO AVOID: Avoid contact with heat, sparks, and open flame.

INCOMPATIBILITY: Strong Oxidizing Agents. Alkalies. Aluminum.

HAZARDOUS DECOMPOSITION PRODUCTS: May thermally decompose to form Carbon Monoxide, Carbon Dioxide, Hydrogen Chloride vapors, traces of Phosgene, and unidentifiable organic materials.

HAZARDOUS POLYMERIZATION: ☐ MAY OCCUR ☒ WILL NOT OCCUR

SECTION VII - SPILL OR LEAK PROCEDURES

STEPS TO BE TAKEN IN CASE MATERIAL IS RELEASED OR SPILLED:

Eliminate all sources of ignition. Evacuate unprotected personnel from area. Maintain adequate ventilation. Use proper Safety Equipment. Contain spill, place into drums for proper disposal. Soak up residue with non-flammable absorbent material. Place in

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SECTION VII - SPILL OR LEAK PROCEDURES

non-leaking containers for immediate disposal. Flush remaining area with water to remove trace residue and dispose of properly. Avoid direct discharge to sewers and surface waters. Notify authorities if entry occurs.

WASTE DISPOSAL METHOD: Observe all Local, State, and Federal Regulations. Dispose of at approved Landfill Site or Waste Treatment Facility. Reclaim (recycle) solvent. DO NOT pressurize, cut, weld, braze, solder, drill, grind or expose empty containers to heat, flame, sparks or other sources of ignition. EPA-RCRA Hazardous Waste Number = U226.

SECTION VIII - SPECIAL PROTECTION INFORMATION

CONSULT SAFETY EQUIPMENT DISTRIBUTOR

RESPIRATORY PROTECTION: If TLV is exceeded wear: NIOSH-Approved self-contained breathing apparatus. NIOSH-Approved organic respirator.

VENTILATION: Maintain adequate ventilation. Keep levels below recommended TLV. Avoid mist formation.

PROTECTIVE GLOVES: Polyvinyl Alcohol.

EYE PROTECTION: Chemical Safety Goggles. Face shield. Do not wear contact lenses.

OTHER PROTECTIVE EQUIPMENT: Eye-wash station. Safety shower. Rubber apron. Chemical safety shoes. Protective clothing.

SECTION IX - SPECIAL PRECAUTIONS

PRECAUTIONS TO BE TAKEN IN HANDLING AND STORING:

Store in cool, well-ventilated area away from all sources of ignition and out of direct sunlight. Ground all equipment to prevent accumulation of static charge. Keep containers tightly closed. Relieve pressure in drums weekly. Store away from incompatible

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SECTION IX - SPECIAL PRECAUTIONS

materials. Do not store in unlabeled or mislabeled containers.

OTHER PRECAUTIONS: Avoid contact with skin and eyes. Do not swallow.
Use with adequate ventilation. Avoid prolonged or repeated breathing
of vapors. Wash thoroughly after handling. Avoid dust or mist
formation.

SECTION X - SUPPLEMENTAL HEALTH INFORMATION

CARCINOGEN CONTENT

% PPM	INGREDIENT	IARC	NTP	OSHA
0-2%	Methylene Chloride	N	N	N
0-2%	Trichloroethylene	N	N	N

NOTE : N: Not listed as a known or potential carcinogen
in source's list. Methylene Chloride and Trichloroethylene have been
studied for chronic effects in animals. While there are studies in
which tumors were induced in mice, there is no evidence that
Methylene Chloride and Trichloroethylene pose a carcinogenic risk to
humans.

LD50 ORAL : Rat: 10300 mg/kg
LD50 SKIN : Rabbit: 500 mg/24H (Moderate irritation)
LC50 INHALATION : Rat LCLo: 1000 ppm

** ** *

The data in this Material Safety Data Sheet relates only to the specific
material designated and does not relate to its use in combination with
any other material or process. The data contained is believed to be
correct. However, since conditions of use are outside our control it
should not be taken as a warranty or representation for which AVGANIC

AVGANIC INDUSTRIES INC.
114 N. MAIN STREET
COTTAGE GROVE, WI 53527

MATERIAL SAFETY DATA SHEET

RC-0020

RC 1-1-1 TRICHLOROETHANE

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SECTION X - SUPPLEMENTAL HEALTH INFORMATION

INDUSTRIES INC. assumes legal responsibility. This information is provided solely for your consideration, investigation, and verification.



MATERIAL SAFETY
DATA SHEET



JET FUEL JP-4

MANUFACTURER/SUPPLIER:
Amoco Oil Company
200 East Randolph Drive
Chicago, Illinois 60601

EMERGENCY HEALTH INFORMATION: (800) 447-8735
EMERGENCY SPILL INFORMATION: (800) 424-9300
OTHER PRODUCT SAFETY INFORMATION: (312) 856-3907

IMPORTANT COMPONENTS: Petroleum naphtha.
Petroleum distillate.
Benzene (CAS 71-43-2) ACGIH TLV 10 ppm,
OSHA PEL 1 ppm (8-hr. TWA), 5 ppm STEL (15 mins.).

WARNING STATEMENT: Warning! Flammable. Harmful or fatal if swallowed and/or aspirated into lungs. Vapor harmful - High concentrations can cause headaches, dizziness, drowsiness and nausea. Can produce skin irritation upon prolonged or repeated contact.

HMIS/NFPA CODES:(HEALTH;1)(FLAMMABILITY;3)(REACTIVITY;0)

APPEARANCE AND ODOR: Colorless liquid; fuel oil odor.

HEALTH HAZARD INFORMATION

EYE

EFFECT: High concentrations of vapor/mist may cause eye discomfort.

FIRST AID: Flush eyes with plenty of water. Get medical attention if irritation persists.

PROTECTION: None required; however, use of eye protection is good industrial practice.

SKIN

EFFECT: Can cause skin irritation on prolonged or repeated contact. See Toxicology Section.

FIRST AID: Wash exposed skin with soap and water. Remove contaminated clothing, including shoes, and thoroughly clean and dry before reuse. Get medical attention if irritation develops.

PROTECTION: Wear protective clothing and gloves if prolonged or repeated contact is likely. Avoid prolonged or repeated skin contact.

INHALATION

EFFECT: Vapor harmful. High vapor concentrations can cause headaches, dizziness, drowsiness and nausea. See Toxicology Section.

FIRST AID: If adverse effects occur, remove to uncontaminated area. Give artificial respiration if not breathing. Get medical attention.

PROTECTION: Avoid breathing vapor and/or mist. Use with adequate ventilation. If ventilation is inadequate, use NIOSH/MSHA certified respirator which will protect against organic vapor/mist.

HEALTH HAZARD INFORMATION - CONTINUED

INGESTION

EFFECT: Low viscosity product. Harmful or fatal if aspirated into lungs.

FIRST AID: If swallowed, do NOT induce vomiting. Get immediate medical attention.

FIRE AND EXPLOSION INFORMATION

FLASHPOINT: -10°F TO 30°F, (CC) Range

FLAMMABLE LIMITS: UPPER: 8% LOWER: 1.3%

AUTOIGNITION TEMPERATURE: 468°F

EXTINGUISHING MEDIA: Agents approved for Class B hazards (e.g., dry chemical, carbon dioxide, halogenated agents, foam, steam) and water fog.

UNUSUAL FIRE AND EXPLOSION HAZARDS: Flammable liquid. Vapor may explode if ignited in enclosed area.

PRECAUTIONS: Keep away from ignition sources (e.g., heat, sparks and open flames).
Keep container closed. Use with adequate ventilation.

REACTIVITY INFORMATION

DANGEROUS REACTIONS: None identified.

HAZARDOUS DECOMPOSITION: Burning can produce carbon monoxide and/or carbon dioxide and other harmful products.

STABILITY: Stable.

CHEMICAL AND PHYSICAL PROPERTIES

BOILING POINT: 250°F TO 549°F, Range

SOLUBILITY IN WATER: Negligible, below 0.1%.

SPECIFIC GRAVITY (WATER = 1): 0.75 TO 0.8

VAPOR PRESSURE: 2-3 psi @ 100°F

STORAGE AND ENVIRONMENTAL PROTECTION

STORAGE REQUIREMENTS: Store in flammable liquids storage area. Store away from heat, ignition sources, and open flame in accordance with applicable federal, state, or local regulations.

SPIILLS AND LEAKS: Remove or shut off all sources of ignition. Increase ventilation, if possible. Use water spray to disperse vapors.

WASTE DISPOSAL: Disposal must be in accordance with applicable federal, state, or local regulations. Enclosed-controlled incineration is recommended unless directed otherwise by applicable ordinances.

SPECIAL PRECAUTIONS: Avoid strong oxidizers.

TOXICOLOGICAL INFORMATION

Skin: From skin-painting studies of petroleum distillates of similar composition and distillate range, it has been shown that these types of materials often possess weak carcinogenic activity in laboratory animals. Therefore, there may be a potential risk of skin cancer from prolonged or repeated skin contact with this product in the absence of good personal hygiene.

Occasional skin contact with this product is not expected to have serious effects, but good personal hygiene should be practiced and repeated skin contact avoided. This product can also be expected to produce skin irritation upon prolonged or repeated skin contact. Personal hygiene measures taken to prevent skin irritation are expected to be adequate to prevent risk of skin cancer.

Excessive exposure to vapors may produce headaches, dizziness, nausea, drowsiness, irritation of eyes, nose and throat and central nervous system depression.

Aspiration of this product into the lungs can cause chemical pneumonia and can be fatal. Aspiration into the lungs can occur while vomiting after ingestion of this product.

Jet Fuel JP-4 is a complex mixture of hydrocarbons and contains benzene (up to approximately 2%). Chronic exposure to high levels of benzene has been shown to cause cancer (leukemia) in humans and other adverse blood effects (anemia). Benzene is considered a human carcinogen by IARC, NTP and OSHA.

Materials of this type have been shown to produce kidney damage in male rats following prolonged inhalation exposures. Following extensive research, this effect appears to be unique to the male rat and is considered to be of little or no relevance in terms of human health risk.

REGULATORY INFORMATION

DOT PROPER SHIPPING NAME: Fuel, Aviation, Turbine Engine, Flammable Liquid, UN1863.

OSHA HAZARD COMMUNICATION STANDARD: Flammable liquid. Irritant. Contains a carcinogenic component.

TSCA STATUS: All of the components of this product are listed on the TSCA Inventory.

ISSUE INFORMATION

BY:



Stephen A. Elbert
Mgr., Product Safety & Toxicology

ISSUED: April 28, 1988
SUPERSEDES: April 15, 1985

This material safety data sheet and the information it contains is offered to you in good faith as accurate. We have reviewed any information contained in this data sheet which we received from sources outside our company. We believe that information to be correct but cannot guarantee its accuracy or completeness. Health and safety precautions in this data sheet may not be adequate for all individuals and/or situations. It is the user's obligation to evaluate and use this product safely and to comply with all applicable laws and regulations. No statement made in this data sheet shall be construed as a permission or recommendation for the use of any product in a manner that might infringe existing patents. No warranty is made, either express or implied.

Rock Valley Oil & Chemical Co.

MATERIAL SAFETY DATA SHEET



MANUFACTURER'S NAME		EMERGENCY TELEPHONE	
ADDRESS (Number, Street, City, State and ZIP Code)			
SECTION 1	CHEMICAL NAME AND SYNONYMS MIL-F-7024C, Type 2, Calibration Fluid		TRADE NAME AND SYNONYMS Mineral Spirits
	CHEMICAL FAMILY Hydrocarbon solvent	FORMULA N/A	
SECTION 2 PHYSICAL DATA	BOILING POINT (*F.)	320	SPECIFIC GRAVITY (H ₂ O = 1)
	VAPOR PRESSURE (mmHg) @ 68°F	2	PERCENT VOLATILE BY VOLUME (%)
	VAPOR DENSITY (AIR = 1)	4.9	EVAPORATION RATE (= 1)
	SOLUBILITY IN WATER	Negligible	
	APPEARANCE AND ODOR	Clear, colorless liquid, characteristic petroleum odor.	
SECTION 3 FIRE AND EXPLOSION HAZARD DATA	FLASH POINT (Method used)	108°F, TCC	FLAMMABLE LIMITS
	EXTINGUISHING MEDIA	Dry chemical-CO ₂ -Foam-Water Spray	Le1 1.0
	SPECIAL FIRE FIGHTING PROCEDURES	Self-contained respiratory protection should be provided for firemen.	
	UNUSUAL FIRE AND EXPLOSION HAZARDS	Heavy vapor can travel to source of ignition and flash back.	
	THRESHOLD LIMIT VALUE	500 PPM	
SECTION 4 HEALTH HAZARD DATA	EFFECTS OF OVEREXPOSURE	Dizziness, nausea, headache. Severe eye irritation, drying of skin.	
	EMERGENCY AND FIRST AID PROCEDURES	EYES: Flush with water, get medical attention. SKIN: Wash with mild soap & water & apply skin cream. INHALATION: Remove to fresh air & call physician; apply artificial respiration if necessary. INGESTION: Do NOT induce vomiting; get medical attention!	
	STABILITY	UNSTABLE	CONDITIONS TO AVOID
SECTION 5 REACTIVITY DATA	STABLE	XX	Heat, sparks, open flame
	HAZARDOUS DECOMPOSITION PRODUCTS		
	Thermal decomposition may yield CO, CO ₂ , various hydrocarbons		
HAZARDOUS POLYMERIZATION	MAY OCCUR	CONDITIONS TO AVOID	
	WILL NOT OCCUR	VV	

SECTION 6
SPILL & LEAK PROCEDURES

STEPS TO BE TAKEN IN CASE MATERIAL IS RELEASED OR SPILLED

Eliminate all sources of ignition. Remove with absorbent material or flush with water into a safe container.

WASTE DISPOSAL METHOD

Incinerate in a safe manner or dispose in accordance with local, state and federal regulations.

SECTION 7
SPECIAL PROTECTION INFORMATION

RESPIRATORY PROTECTION (Specify type)

Self-contained breathing apparatus when atmosphere exceeds TLV limits.

VENTILATION

LOCAL EXHAUST

SPECIAL

YES-Sufficient to maintain TLV

Explosion Proof

MECHANICAL (General)

OTHER

YES-Sufficient to maintain TLV

PROTECTIVE GLOVES

EYE PROTECTION

Neoprene

Chemical Goggles

OTHER PROTECTIVE EQUIPMENT

Eye bath & safety shower. Impervious clothing and boots.

SECTION 8
SPECIAL PRECAUTIONS

PRECAUTIONS TO BE TAKEN IN HANDLING AND STORING

STORAGE TEMP _____ °F MAX _____ °F MIN

SHELF LIFE

____ MONTHS

____ INDOOR

____ OUTDOOR

SHIPPING CLASSIFICATION

CONTAINERS: METAL _____ GLASS _____ PLASTIC _____ OTHER TYPE _____

OTHER PRECAUTIONS

Do not store or use near open flame or extreme heat. Use adequate ventilation. Avoid prolonged or repeated contact with the skin.

IMPORTANT:

THE DATA CONTAINED IN THIS FORM IS BASED ON THE BEST INFORMATION PRESENTLY AVAILABLE.

PREPARED BY _____ TITLE _____

SODIUM HYDROXIDE SOLUTION

PAGE 01 OF 05

SODIUM HYDROXIDE SOLUTION
SODIUM HYDROXIDE SOLUTION
SODIUM HYDROXIDE SOLUTION

526-00134

MATERIAL SAFETY DATA SHEET

FISHER SCIENTIFIC
CHEMICAL DIVISION
1 REAGENT LANE
FAIR LAWN NJ 07410
(201) 796-7100EMERGENCY CONTACTS:
GASTON L. PILLORI
(201) 796-7100DATE: 10/29/88
PO NBR: 9H7895-12M
ACCT: 811802-01
INDEX: 05882950078
CAT NO: SS2661

THE INFORMATION BELOW IS BELIEVED TO BE ACCURATE AND REPRESENTS THE BEST INFORMATION CURRENTLY AVAILABLE TO US. HOWEVER, WE MAKE NO WARRANTY OF MERCHANTABILITY OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO SUCH INFORMATION, AND WE ASSUME NO LIABILITY RESULTING FROM ITS USE. USERS SHOULD MAKE THEIR OWN INVESTIGATIONS TO DETERMINE THE SUITABILITY OF THE INFORMATION FOR THEIR PARTICULAR PURPOSES.

SUBSTANCE IDENTIFICATION

SUBSTANCE: SODIUM HYDROXIDE SOLUTIONS, 1N TO N/100 CAS-NUMBER 1310-73-2

TRADE NAMES/SYNONYMS:

CAUSTIC SODA SOLUTION; LYE SOLUTION; SODA LYE; SODIUM HYDROXIDE SOLUTION;
SODIUM HYDROXIDE LIQUID; WHITE CAUSTIC SOLUTION; SS-266; SS-270; SS-441;
SS-272; SS-274; SS-276; SS-278; SS-282; SS-284; SS-277; SS-283; UN 1824;
ACC40177CERCLA RATINGS (SCALE 0-3): HEALTH=3 FIRE=0 REACTIVITY=1 PERSISTENCE=0
NFPA RATINGS (SCALE 0-4): HEALTH=3 FIRE=0 REACTIVITY=1

COMPONENTS AND CONTAMINANTS

COMPONENT: SODIUM HYDROXIDE CAS# 1310-73-2

PERCENT: 0.04 - 4.0

COMPONENT: WATER

PERCENT: 96.0-99.96

OTHER CONTAMINANTS: NONE

EXPOSURE LIMITS:
SODIUM HYDROXIDE:2 MG/M3 OSHA TWA
2 MG/M3 ACGIH CEILING
2 MG/M3 NIOSH RECOMMENDED 15 MINUTE CEILING1000 POUNDS CERCLA SECTION 103 REPORTABLE QUANTITY
SUBJECT TO SARA SECTION 313 ANNUAL TOXIC CHEMICAL RELEASE
REPORTING (SOLUTION)

PURCHASING

NOV 07 1988

RECEIVED

PHYSICAL DATA

DESCRIPTION: CLEAR LIQUID BOILING POINT: 212 F (100 C)

MELTING POINT: 32 F (0 C) SPECIFIC GRAVITY: 1.0

VAPOR PRESSURE: 14 MMHG (WATER) EVAPORATION RATE: (ETHER=1) >1

PH: ALKALINE SOLUBILITY IN WATER: COMPLETE

FIRE AND EXPLOSION DATA

FIRE AND EXPLOSION HAZARD:
NEGLECTIBLE FIRE HAZARD WHEN EXPOSED TO HEAT OR FLAME.

FLASH POINT: NON-COMBUSTIBLE

FIREFIGHTING MEDIA:

DRY CHEMICAL, CARBON DIOXIDE, HALON, WATER SPRAY OR STANDARD FOAM
(1987 EMERGENCY RESPONSE GUIDEBOOK, DOT P 5800.4).FOR LARGER FIRES, USE WATER SPRAY, FOG OR STANDARD FOAM
(1987 EMERGENCY RESPONSE GUIDEBOOK, DOT P 5800.4).

FIREFIGHTING:

MOVE CONTAINERS FROM FIRE AREA IF POSSIBLE. COOL CONTAINERS EXPOSED TO FLAMES
WITH WATER FROM SIDE UNTIL WELL AFTER FIRE IS OUT. STAY AWAY FROM STORAGE TANK
ENDS (1987 EMERGENCY RESPONSE GUIDEBOOK, DOT P 5800.4, GUIDE PAGE 60).USE AGENT SUITABLE FOR TYPE OF FIRE; USE FLOODING QUANTITIES OF WATER AS FOG,
APPLY FROM AS FAR A DISTANCE AS POSSIBLE. AVOID BREATHING CORROSIVE VAPORS,
KEEP UPWIND.

TRANSPORTATION DATA

DEPARTMENT OF TRANSPORTATION HAZARD CLASSIFICATION 49CFR172.101:
CORROSIVE MATERIALDEPARTMENT OF TRANSPORTATION LABELING REQUIREMENTS 49CFR172.101 AND 172.402:
CORROSIVE

526-00134

TOXICITY

SODIUM HYDROXIDE:

1%/24 HOURS EYE-MONKEY SEVERE IRRITATION; 500 MG/24 HOURS SKIN-RABBIT SEVERE IRRITATION; 1% EYE-RABBIT SEVERE IRRITATION; 50 UG/24 HOURS EYE-RABBIT SEVERE IRRITATION; 1 MG/24 HOURS EYE-RABBIT SEVERE IRRITATION; 400 UG EYE-RABBIT MILD IRRITATION; 100 MG RINSED EYE-RABBIT SEVERE IRRITATION; 500 MG/KG ORAL-RABBIT LDLO; 40 MG/KG INTRAPERITONEAL-MOUSE LD50; MUTAGENIC DATA (RTECS). CARCINOGEN STATUS: NONE.

SODIUM HYDROXIDE IS A SEVERE EYE, SKIN AND MUCOUS MEMBRANE IRRITANT PURCHASING

HEALTH EFFECTS AND FIRST AID

NOV 07 1988

INHALATION:

SODIUM HYDROXIDE:

CORROSIVE. 250 MG/M3 IMMEDIATELY DANGEROUS TO LIFE OR HEALTH.

ACUTE EXPOSURE- EFFECTS DUE TO INHALATION OF DUSTS OR MIST MAY VARY FROM MILD IRRITATION OF THE NOSE AT 2 MG/M3 TO SEVERE PNEUMONITIS DEPENDING ON THE SEVERITY OF EXPOSURE. LOW CONCENTRATIONS MAY CAUSE MUCOUS MEMBRANE IRRITATION WITH SORE THROAT, COUGHING, AND DYSPNEA. INTENSE EXPOSURES MAY RESULT IN DESTRUCTION OF MUCOUS MEMBRANES AND DELAYED PULMONARY EDEMA OR PNEUMONITIS. SHOCK MAY OCCUR.

CHRONIC EXPOSURE- REPEATED EXPOSURES OF 5000 MG/L WERE HARMLESS TO RATS, BUT 10,000 MG/L LED TO NERVOUSNESS, SORE EYES, DIARRHEA AND RETARDED GROWTH. PROLONGED EXPOSURE TO HIGH CONCENTRATIONS OF DUSTS OR MISTS MAY CAUSE DISCOMFORT AND ULCERATION OF NASAL PASSAGES. RATS EXPOSED 30 MINUTES/DAY TO UNMEASURED CONCENTRATIONS OF SODIUM HYDROXIDE AEROSOLS SUFFERED PULMONARY DAMAGE AFTER 2-3 MONTHS. DEATH OCCURRED IN 2 OF 10 RATS EXPOSED TO AN AEROSOL OF 40% AQUEOUS SODIUM HYDROXIDE FOR 30 MINUTES, TWICE A WEEK FOR 3 WEEKS. HISTOPATHOLOGICAL EXAMINATION SHOWED MOSTLY NORMAL LUNG TISSUE WITH FOCI OF ENLARGED ALVEOLAR SEPTAE, EMPHYSEMA, BRONCHIAL ULCERATION, AND ENLARGED LYMPH ADENOIDAL TISSUES. AN EPIDEMIOLOGIC STUDY OF 291 WORKERS CHRONICALLY EXPOSED TO CAUSTIC DUSTS FOR 30 YEARS OR MORE FOUND NO SIGNIFICANT INCREASE IN MORTALITY IN RELATION TO DURATION OR INTENSITY OF SUCH EXPOSURES.

FIRST AID- REMOVE FROM EXPOSURE AREA TO FRESH AIR IMMEDIATELY. IF BREATHING HAS STOPPED, GIVE ARTIFICIAL RESPIRATION. MAINTAIN AIRWAY AND BLOOD PRESSURE AND ADMINISTER OXYGEN IF AVAILABLE. KEEP AFFECTED PERSON WARM AND AT REST. ADMINISTRATION OF OXYGEN SHOULD BE PERFORMED BY QUALIFIED PERSONNEL. GET MEDICAL ATTENTION IMMEDIATELY.

SKIN CONTACT:

SODIUM HYDROXIDE:

CORROSIVE.

ACUTE EXPOSURE- UPON CONTACT WITH THE SKIN, DAMAGE INCLUDING REDNESS, CUTANEOUS BURNS, SKIN FISSURES AND WHITE ESCHARS MAY OCCUR WITHOUT IMMEDIATE PAIN. EXPOSURE TO SOLUTIONS AS WEAK AS 0.03 N (0.12%) FOR 1 HOUR HAS CAUSED INJURY TO HEALTHY SKIN. SOLUTIONS OF 25-50% CAUSED NO SENSATION OF IRRITATION WITHIN 3 MINUTES IN HUMAN SUBJECTS. WITH SOLUTIONS OF 0.4-4%, IRRITATION DOES NOT OCCUR UNTIL AFTER SEVERAL HOURS. SKIN BIOPSIES FROM HUMAN SUBJECTS HAVING 1 N SODIUM HYDROXIDE APPLIED TO THEIR ARMS FOR 15 TO 180 MINUTES SHOWED PROGRESSIVE CHANGES BEGINNING WITH DISSOLUTION OF THE CELLS IN THE HORNY LAYER AND PROGRESSING THROUGH EDEMA TO TOTAL DESTRUCTION OF THE EPIDERMIS IN 60 MINUTES. A 5% AQUEOUS SOLUTION CAUSED SEVERE NECROSIS TO THE SKIN OF RABBITS WHEN APPLIED FOR 4 HOURS. ALKALIES PENETRATE THE SKIN SLOWLY. THE EXTENT OF INJURY DEPENDS ON THE DURATION OF CONTACT. IF SODIUM HYDROXIDE IS NOT REMOVED FROM THE SKIN, SEVERE BURNS WITH DEEP ULCERATION MAY OCCUR. EXPOSURE TO THE DUST OR MIST MAY CAUSE MULTIPLE SMALL BURNS AND TEMPORARY LOSS OF HAIR. PATHOLOGIC FINDINGS DUE TO ALKALIES MAY INCLUDE GELATINOUS, NECROTIC AREAS AT THE SITE OF CONTACT.

CHRONIC EXPOSURE- EFFECTS ARE DEPENDENT UPON CONCENTRATION AND DURATION OF EXPOSURE. DERMATITIS OR EFFECTS SIMILAR TO THOSE FOR ACUTE EXPOSURE MAY OCCUR.

FIRST AID- REMOVE CONTAMINATED CLOTHING AND SHOES IMMEDIATELY. WASH AFFECTED AREA WITH SOAP OR MILD DETERGENT AND LARGE AMOUNTS OF WATER UNTIL NO EVIDENCE OF CHEMICAL REMAINS (AT LEAST 15-20 MINUTES). IN CASE OF CHEMICAL BURNS, COVER AREA WITH STERILE, DRY DRESSING. BANDAGE SECURELY, BUT NOT TOO TIGHTLY. GET MEDICAL ATTENTION IMMEDIATELY.

EYE CONTACT:

SODIUM HYDROXIDE:

CORROSIVE.

ACUTE EXPOSURE- CONTACT MAY CAUSE DISINTEGRATION AND SLOUGHING OF CONJUNCTIVAL AND CORNEAL EPITHELIUM, CORNEAL OPACIFICATION, MARKED EDEMA AND ULCERATION. AFTER 7 TO 13 DAYS EITHER GRADUAL RECOVERY BEGINS OR THERE IS PROGRESSION OF ULCERATION AND CORNEAL OPACIFICATION. COMPLICATIONS OF SEVERE EYE BURNS ARE SYMBLEPHARON WITH OVERGROWTH OF THE CORNEA BY A VASCULARIZED MEMBRANE, PROGRESSIVE OR RECURRENT CORNEAL ULCERATION AND PERMANENT CORNEAL OPACIFICATION. BLINDNESS MAY OCCUR.

CHRONIC EXPOSURE- EFFECTS ARE DEPENDENT UPON CONCENTRATION AND DURATION OF EXPOSURE. CONJUNCTIVITIS OR EFFECTS SIMILAR TO THOSE FOR ACUTE EXPOSURE MAY OCCUR.

FIRST AID- WASH EYES IMMEDIATELY WITH LARGE AMOUNTS OF WATER, OCCASIONALLY LIFTING UPPER AND LOWER LIDS, UNTIL NO EVIDENCE OF CHEMICAL REMAINS (AT LEAST 15-20 MINUTES). IN CASE OF BURNS, APPLY STERILE BANDAGES LOOSELY WITHOUT MEDICATION. GET MEDICAL ATTENTION IMMEDIATELY.

INGESTION:
SODIUM HYDROXIDE:
CORROSIVE.

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ACUTE EXPOSURE- INGESTION MAY CAUSE A BURNING SENSATION IN THE MOUTH, CORROSION OF THE LIPS, MOUTH, TONGUE AND PHARYNX, AND SEVERE ESOPHAGEAL AND ABDOMINAL PAIN, VOMITING OF BLOOD AND LARGE PIECES OF MUCOSA, AND BLOODY DIARRHEA. ASPHYXIAS CAN OCCUR FROM SWELLING OF THE THROAT. MEDIASTINITIS, ALKALEMIA, PALLOR, WEAK, SLOW PULSE, CARDIOVASCULAR COLLAPSE, SHOCK, COMA AND DEATH MAY OCCUR. PERFORATION OF THE ALIMENTARY TRACT AND CONSTRICTIVE SCARRING MAY RESULT. ESOPHAGEAL STRICTURE MAY OCCUR WEEKS, MONTHS, OR EVEN YEARS LATER TO MAKE SWALLOWING DIFFICULT. THE ESTIMATED FATAL DOSE IN MAN IS 5 GRAMS. CASES OF SQUAMOUS CELL CARCINOMA OF THE ESOPHAGUS HAVE OCCURRED WITH LATENT PERIODS OF 12 TO 42 YEARS AFTER INGESTION. THESE CANCERS WERE BELIEVED TO BE SEQUELA OF TISSUE DESTRUCTION AND POSSIBLY SCAR FORMATION RATHER THAN THE RESULT OF DIRECT CARCINOGENIC ACTION OF SODIUM HYDROXIDE.

CHRONIC EXPOSURE- DEPENDING ON THE CONCENTRATION, REPEATED INGESTION OF ALKALINE SUBSTANCES MAY RESULT IN INFLAMMATORY AND ULCERATIVE EFFECTS ON THE ORAL MUCOUS MEMBRANES AND OTHER EFFECTS AS WITH ACUTE INGESTION.

FIRST AID- IF VICTIM IS CONSCIOUS, GIVE LARGE QUANTITIES OF WATER IMMEDIATELY TO DILUTE THE ALKALI. DO NOT INDUCE VOMITING. GET MEDICAL ATTENTION IMMEDIATELY.

ANTIDOTE:

NO SPECIFIC ANTIDOTE. TREAT SYMPTOMATICALLY AND SUPPORTIVELY.

----- PURCHASING
REACTIVITY

REACTIVITY:

REACTS EXOTHERMICALLY WITH WATER.

NOV 07 1988

INCOMPATIBILITIES:

SODIUM HYDROXIDE:

ACETALDEHYDE: MAY RESULT IN VIOLENT POLYMERIZATION.
ACETIC ACID: MIXING IN CLOSED CONTAINER INCREASES TEMPERATURE AND PRESSURE.
ACETIC ANHYDRIDE: MIXING IN A CLOSED CONTAINER INCREASES TEMPERATURE AND PRESSURE.
ACIDS: MAY REACT VIOLENTLY.
ACROLEIN: MAY RESULT IN AN EXTREMELY VIOLENT POLYMERIZATION.
ACRYLONITRILE: MAY CAUSE VIOLENT POLYMERIZATION.
ALLYL ALCOHOL + BENZENE SULFONYL CHLORIDE: POSSIBLE EXPLOSION HAZARD.
ALLYL CHLORIDE: HYDROLYZES.
ALUMINUM: VIGOROUS REACTION.
ALUMINUM, ARSENIC TRIOXIDE, SODIUM ARSENATE: MAY GENERATE FLAMMABLE HYDROGEN GAS.
AMMONIA AND SILVER NITRATE: PRECIPITATION OF EXPLOSIVE SILVER NITRIDE MAY OCCUR.
AMMONIUM SALTS: MAY REACT VIOLENTLY EVOLVING AMMONIA GAS.
BENZENE-1,4-DIOL: EXOTHERMIC REACTION.
N,N'-BIS(TRINITROETHYL)UREA: FORMATION OF EXPLOSIVE COMPOUND.
BROMINE: POSSIBLE EXPLOSION IF NOT STIRRED CONTINUOUSLY.
CHLORINE TRIFLUORIDE: MAY CAUSE VIOLENT REACTION.
CHLOROFORM AND METHYL ALCOHOL: EXOTHERMIC REACTION.
CHLOROHYDRIN: MIXING IN A CLOSED CONTAINER CAUSES AN INCREASE IN TEMPERATURE AND PRESSURE.
4-CHLORO-2-METHYLPHENOL: POSSIBLE IGNITION.
CHLORONITROTOLUENES: POSSIBLE EXPLOSION.
CHLOROPICRIN: MAY CAUSE VIOLENT REACTION.
CHLOROSULFONIC ACID: MIXING IN A CLOSED CONTAINER CAUSES AN INCREASE IN TEMPERATURE AND PRESSURE.
CINNAMALDEHYDE: EXOTHERMIC REACTION.
COATINGS: MAY BE ATTACKED.
CYANOGEN AZIDE: MAY FORM SODIUM 5-AZIDOTETRAZOLIDE, WHICH IS EXPLOSIVE IF ISOLATED.
2,2-DICHLORO-3,3-DIMETHYLBUTANE: HAZARDOUS REACTION.
1,2-DICHLOROETHYLENE: MAY FORM SPONTANEOUSLY FLAMMABLE MONOCHLOROACETYLENE.
DIBORANE AND OCTANAL OXIME: EXOTHERMIC REACTION.
ETHYLENE CYANOHYDRIN: MIXING IN A CLOSED CONTAINER CAUSES AN INCREASE IN TEMPERATURE AND PRESSURE.
FLAMMABLE LIQUIDS: FIRE AND EXPLOSION HAZARD.
GLYCOLS: MAY CAUSE EXOTHERMIC DECOMPOSITION WITH EVOLUTION OF HYDROGEN GAS.
GLYOXAL: MIXING IN A CLOSED CONTAINER INCREASES TEMPERATURE AND PRESSURE.
HALOGENATED HYDROCARBONS: VIOLENT REACTION.
HYDROCHLORIC ACID: MIXING IN A CLOSED CONTAINER CAUSES AN INCREASE IN TEMPERATURE AND PRESSURE.
HYDROFLUORIC ACID: MIXING IN A CLOSED CONTAINER CAUSES AN INCREASE IN TEMPERATURE AND PRESSURE.
HYDROQUINONE: RAPID DECOMPOSITION OF HYDROQUINONE WITH EVOLUTION OF HEAT.
LEAD: MAY BE ATTACKED; FLAMMABLE HYDROGEN GAS MAY BE LIBERATED.
LEATHER: MAY BE ATTACKED.
MALEIC ANHYDRIDE: EXPLOSIVE DECOMPOSITION.
METALS: CORRODES METALS, REACTING TO FORM FLAMMABLE HYDROGEN GAS.
4-METHYL-2-NITROPHENOL: EXOTHERMIC REACTION.
NITRIC ACID: MIXING IN A CLOSED CONTAINER INCREASES TEMPERATURE AND PRESSURE.
NITROBENZENE: POSSIBLY EXPLOSIVE REACTION UPON HEATING IN PRESENCE OF WATER.
NITROETHANE: FORMS AN EXPLOSIVE SALT.
NITROMETHANE: FORMS AN EXPLOSIVE SALT.
NITROPARAFFINS: THE NITROPARAFFINS, IN THE PRESENCE OF WATER, FORM DRY SALTS WITH ORGANIC BASES. THE DRY SALTS ARE EXPLOSIVE.
NITROPROPANE: FORMS AN EXPLOSIVE SALT.
O-NITROTOLUENE: POSSIBLE EXPLOSION.
OLEUM: MIXING IN A CLOSED CONTAINER CAUSES AN INCREASE IN TEMPERATURE AND PRESSURE.
ORGANIC PEROXIDES: INCOMPATIBLE.
PENTOL (3-METHYL-2-PENTENE-4-YN-1-OL): POSSIBLE EXPLOSION.

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SODIUM HYDROXIDE SOLUTION

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PHOSPHORUS: MAY FORM MIXED PHOSPHINES WHICH MAY IGNITE SPONTANEOUSLY IN AIR.
PHOSPHORUS PENTOXIDE: MAY REACT VIOLENTLY WHEN HEATED.
PLASTICS: MAY BE ATTACKED.
B-PROPIOLACTONE: MIXING IN A CLOSED CONTAINER CAUSES AN INCREASE IN TEMPERATURE AND PRESSURE.
PROPYLENE OXIDE: IGNITION OR EXPLOSION MAY OCCUR.
RUBBER: MAY BE ATTACKED.
SODIUM TETRAHYDROBORATE: DRY MIXTURES WITH SODIUM HYDROXIDE CONTAINING 15-40% OF TETRAHYDROBORATE LIBERATE HYDROGEN EXPLOSIVELY AT 230-270 C.
SULFURIC ACID: MIXING IN A CLOSED CONTAINER CAUSES AN INCREASE IN TEMPERATURE AND PRESSURE.
1,2,4,5-TETRACHLOROBENZENE: VIOLENT REACTION.
TETRACHLOROBENZENE + METHYL ALCOHOL: POSSIBLE EXPLOSION.
TETRACHLOROETHYLENE: POSSIBLE EXPLOSION.
TETRAHYDROFURAN: SERIOUS EXPLOSIONS CAN OCCUR.
TIN: EVOLUTION OF HYDROGEN GAS WHICH MAY FORM AN EXPLOSIVE MIXTURE.
1,1,1-TRICHLOROETHANOL: EXPLOSION MAY OCCUR.
TRICHLOROETHYLENE: FORMATION OF EXPLOSIVE MIXTURES OF DICHLOROACETYLENE.
TRICHLORONITROMETHANE + METHANOL: MAY CAUSE VIOLENT REACTION.
WOOL: MAY BE ATTACKED.
ZINC (DUST): FIRE AND EXPLOSION HAZARD.
ZIRCONIUM: MAY CAUSE EXPLOSIVE REACTION UPON HEATING.

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PURCHASING

DECOMPOSITION:
THERMAL DECOMPOSITION MAY RELEASE TOXIC FUMES OF SODIUM OXIDE.

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POLYMERIZATION:
HAZARDOUS POLYMERIZATION HAS NOT BEEN REPORTED TO OCCUR UNDER NORMAL TEMPERATURES AND PRESSURES.

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CONDITIONS TO AVOID

AVOID CONTACT WITH OR STORAGE WITH WATER, ACIDS, AND OTHER INCOMPATIBILITIES.
FLAMMABLE, POISONOUS GASES MAY ACCUMULATE IN TANKS AND HOPPER CARS.

SPILL AND LEAK PROCEDURES

SOIL SPILL:
DIG HOLDING AREA SUCH AS LAGOON, POND OR PIT FOR CONTAINMENT.

USE SOIL, SAND BAGS, FOAMED POLYURETHANE, OR FOAMED CONCRETE TO DIKE SURFACE FLOW.

USE FLY ASH OR CEMENT POWDER TO ABSORB BULK LIQUID.

USE VINEGAR OR OTHER DILUTE ACID TO NEUTRALIZE.

WATER SPILL:
ADD SUITABLE AGENT TO NEUTRALIZE SPILLED MATERIAL TO PH-7.

OCCUPATIONAL SPILL:
DO NOT TOUCH SPILLED MATERIAL. STOP LEAK IF YOU CAN DO IT WITHOUT RISK. FOR SMALL SPILLS, TAKE UP WITH SAND OR OTHER ABSORBENT MATERIAL AND PLACE INTO CONTAINERS FOR LATER DISPOSAL. FOR SMALL DRY SPILLS, WITH CLEAN SHOVEL PLACE MATERIAL INTO CLEAN, DRY CONTAINER AND COVER. MOVE CONTAINERS FROM SPILL AREA. FOR LARGER SPILLS, DIKE FAR AHEAD OF SPILL FOR LATER DISPOSAL. KEEP UNNECESSARY PEOPLE AWAY. ISOLATE HAZARD AREA AND DENY ENTRY.

REPORTABLE QUANTITY (RQ): 1000 POUNDS
THE SUPERFUND AMENDMENTS AND REAUTHORIZATION ACT (SARA) SECTION 304 REQUIRES THAT A RELEASE EQUAL TO OR GREATER THAN THE REPORTABLE QUANTITY FOR THIS SUBSTANCE BE IMMEDIATELY REPORTED TO THE LOCAL EMERGENCY PLANNING COMMITTEE AND THE STATE EMERGENCY RESPONSE COMMISSION (40 CFR 355.40). IF THE RELEASE OF THIS SUBSTANCE IS REPORTABLE UNDER CERCLA SECTION 103, THE NATIONAL RESPONSE CENTER MUST BE NOTIFIED IMMEDIATELY AT (800) 424-8802 OR (202) 426-2675 IN THE METROPOLITAN WASHINGTON, D.C. AREA (40 CFR 302.6).

PROTECTIVE EQUIPMENT

VENTILATION:
PROVIDE LOCAL EXHAUST VENTILATION SYSTEM TO MEET PUBLISHED EXPOSURE LIMITS.

RESPIRATOR:
50 MG/M3- ANY POWERED AIR-PURIFYING RESPIRATOR WITH A DUST AND MIST FILTER.
100 MG/M3- ANY SELF-CONTAINED BREATHING APPARATUS WITH A FULL FACEPIECE.
ANY SUPPLIED-AIR RESPIRATOR WITH A FULL FACEPIECE.
ANY AIR-PURIFYING FULL FACEPIECE RESPIRATOR WITH A HIGH EFFICIENCY PARTICULATE FILTER.
200 MG/M3- ANY SUPPLIED-AIR RESPIRATOR WITH A FULL FACEPIECE AND OPERATED IN A PRESSURE-DEMAND OR OTHER POSITIVE PRESSURE MODE.
ESCAPE- ANY AIR-PURIFYING FULL FACEPIECE RESPIRATOR WITH A HIGH EFFICIENCY PARTICULATE FILTER.
ANY APPROPRIATE ESCAPE-TYPE SELF-CONTAINED BREATHING APPARATUS.

CLOTHING:
EMPLOYEE MUST WEAR APPROPRIATE PROTECTIVE (IMPERVIOUS) CLOTHING AND EQUIPMENT TO PREVENT ANY POSSIBILITY OF SKIN CONTACT WITH THIS SUBSTANCE.

GLOVES:
EMPLOYEE MUST WEAR APPROPRIATE PROTECTIVE GLOVES TO PREVENT CONTACT WITH THIS SUBSTANCE.

SODIUM HYDROXIDE SOLUTION

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EYE PROTECTION:

EMPLOYEE MUST WEAR SPLASH-PROOF OR DUST-RESISTANT SAFETY GOGGLES AND A
FACESHIELD TO PREVENT CONTACT WITH THIS SUBSTANCE. CONTACT LENSES SHOULD NOT
BE WORN.

EMERGENCY WASH FACILITIES:

WHERE THERE IS ANY POSSIBILITY THAT AN EMPLOYEE'S EYES AND/OR SKIN MAY BE
EXPOSED TO THIS SUBSTANCE, THE EMPLOYER SHOULD PROVIDE AN EYE WASH FOUNTAIN
AND QUICK DRENCH SHOWER WITHIN THE IMMEDIATE WORK AREA FOR EMERGENCY USE.

AUTHORIZED - FISHER SCIENTIFIC GROUP, INC.

CREATION DATE: 07/19/85

REVISION DATE: 06/29/88

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SULFURIC ACID

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MATERIAL SAFETY DATA SHEET

FISHER SCIENTIFIC
CHEMICAL DIVISION
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FAIR LAWN NJ 07410
(201) 796-7100

EMERGENCY CONTACTS:
GASTON L. PILLORI
(201) 796-7100

DATE: 11/05/88
PO NBR: 9H8407-12M
ACCT: 811802-01
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CAT NO: A300212

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SUBSTANCE IDENTIFICATION

SUBSTANCE

AS-NUMBER 7664-93-9

TRADE NAME: OIL OF VITRIOL, BOILING ACID, Fuming Sulfuric Acid, HYDROGEN SULFATE, NORDHAFSEN, DIOXYGEN SULFATE, SULPHURIC ACID, MATTING ACID, DITHIONIC, STCC 250040, UN 1830, A-300, A-300C, A-300-SI, A-300S, A-298, SO-A-172, SO-A-174, ACC22350

CHEMICAL NAME:
INORGANIC ACID

MOLECULAR FORMULA: H₂S-O₄

MOLECULAR WEIGHT: 98.07

CERCLA RATINGS (SCALE 0-3): HEALTH=3 FIRE=0 REACTIVITY=2 PERSISTENCE=0
NFPA RATINGS (SCALE 0-4): HEALTH=3 FIRE=0 REACTIVITY=2

COMPONENTS AND CONTAMINANTS

COMPONENT: SULFURIC ACID

PERCENT: 98

COMPONENT: WATER

PERCENT: 2

OTHER CONTAMINANTS: NONE

EXPOSURE LIMITS:

SULFURIC ACID:

- 1 MG/M3 OSHA TWA
- 1 MG/M3 ACGIH TWA (NOTICE OF INTENDED CHANGE 1987-1988)
- 1 MG/M3 NIOSH RECOMMENDED 10 HOUR TWA

1000 POUNDS SARA SECTION 302 THRESHOLD PLANNING QUANTITY

1000 POUNDS SARA SECTION 304 REPORTABLE QUANTITY

SUBJECT TO SARA SECTION 313 ANNUAL TOXIC CHEMICAL RELEASE REPORTING

PHYSICAL DATA

DESCRIPTION: ODORLESS, CLEAR, COLORLESS, DENSE HYGROSCOPIC OILY LIQUID WITH A MARKED ACID TASTE WHEN PURE. BOILING POINT: 559 F (290 C)

MELTING POINT: 50 F (10 C) SPECIFIC GRAVITY: 1.84

VAPOR PRESSURE: <0.001 @ 20 C PH: <3 SOLUBILITY IN WATER: SOLUBLE

ODOR THRESHOLD: >1 MG/M3 VAPOR DENSITY: 3.4

SOLVENT SOLUBILITY: DECOMPOSES IN ETHYL ALCOHOL

@ 340 C IT DECOMPOSES INTO SULFUR TRIOXIDE AND WATER

FIRE AND EXPLOSION DATA

FIRE AND EXPLOSION HAZARD:

NEGLECTIBLE FIRE HAZARD WHEN EXPOSED TO HEAT OR FLAME.

OXIDIZER: OXIDIZERS DECOMPOSE, ESPECIALLY WHEN HEATED, TO YIELD OXYGEN WHICH WILL INCREASE THE BURNING RATE OF COMBUSTIBLE MATTER. CONTACT WITH EASILY OXIDIZABLE, ORGANIC, OR OTHER COMBUSTIBLE MATERIALS MAY RESULT IN IGNITION, VIOLENT COMBUSTION OR EXPLOSION.

FIREFIGHTING MEDIA:

DRY CHEMICAL, CARBON DIOXIDE OR HALON
(1987 EMERGENCY RESPONSE GUIDEBOOK, DOT P 5800.4).

FOR LARGER FIRES, FLOOD AREA WITH WATER FROM A DISTANCE
(1987 EMERGENCY RESPONSE GUIDEBOOK, DOT P 5800.4).

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FIREFIGHTING:

DO NOT GET SOLID STREAM OF WATER ON SPILLED MATERIAL. MOVE CONTAINERS FROM FIRE AREA IF POSSIBLE. COOL CONTAINERS EXPOSED TO FLAMES WITH WATER FROM SIDE UNTIL WELL AFTER FIRE IS OUT. KEEP AWAY FROM STORAGE TANK ENDS (1987 EMERGENCY RESPONSE GUIDEBOOK, DOT P 5800.4 GUIDE PAGE 29).

USE AGENT SUITABLE FOR TYPE OF FIRE, USE FLOODING AMOUNTS OF WATER AS A FOG. COOL CONTAINERS WITH FLOODING AMOUNTS OF WATER. APPLY FROM AS FAR A DISTANCE AS POSSIBLE. AVOID BREATHING CORROSIVE VAPORS, KEEP UPWIND.

TRANSPORTATION DATA

DEPARTMENT OF TRANSPORTATION HAZARD CLASSIFICATION 49CFR172.101:
CORROSIVE MATERIAL

DEPARTMENT OF TRANSPORTATION LABELING REQUIREMENTS 49CFR172.101 AND 172.102:
CORROSIVE

DEPARTMENT OF TRANSPORTATION PACKAGING REQUIREMENTS: 49CFR173.272
EXCEPTIONS: 49CFR173.244

TOXICITY

SULFURIC ACID:

1380 UG EYE-RABBIT SEVERE IRRITATION; 100 MG EYE-RABBIT RINSED SEVERE IRRITATION; 3 MG/M3/24 WEEKS INHALATION-HUMAN TCLO; 510 MG/M3/2 HOURS INHALATION-RAT LC50; 320 MG/M3 2 HOURS INHALATION-MOUSE LC50; 18 MG/M3 INHALATION-GUINEA PIG LC50; 2140 MG/KG ORAL-RAT LD50; 135 MG/KG UNREPORTED-MAN LDLO; TUMORIGENIC DATA (AJEPAS 120(3), 358, 84).
CARCINOGEN STATUS: NONE.

SULFURIC ACID IS HIGHLY TOXIC, AND A SEVERE EYE, SKIN AND MUCOUS MEMBRANE IRRITANT. POISONING MAY AFFECT THE BODY'S PH BALANCE AND IN TURN AFFECT THE NERVOUS SYSTEM.

HEALTH EFFECTS AND FIRST AID

INHALATION:

SULFURIC ACID:

CORROSIVE/HIGHLY TOXIC. 80 MG/M3 IMMEDIATELY DANGEROUS TO LIFE OR HEALTH.

ACUTE EXPOSURE- INHALATION OF MISTS MAY CAUSE MUCOUS MEMBRANE IRRITATION PRINCIPALLY AFFECTING THE RESPIRATORY TRACT EPITHELIUM. LOW CONCENTRATIONS, 0.35-5 MG/M3, MAY CAUSE INCREASED PULMONARY AIR FLOW RESISTANCE AND SUBSEQUENT SHALLOWER AND MORE RAPID BREATHING. HOT CONCENTRATED MISTS MAY CAUSE RAPID LOSS OF CONSCIOUSNESS WITH POSSIBLE DAMAGE TO LUNG TISSUE. VAPORS MAY CAUSE NASAL SECRETIONS, SNEEZING, A BURNING OR TICKLING SENSATION IN THE NOSE AND THROAT AND RETROSTERNAL REGION, FOLLOWED BY COUGH, RESPIRATORY DISTRESS, TRACHEOBRONCHITIS, CHEMICAL PNEUMONITIS AND POSSIBLE SPASM OF THE VOCAL CORDS. HIGH CONCENTRATIONS MAY PRODUCE BLOODY NASAL SECRETIONS AND SPUTUM, HEMATEMESIS GASTRITIS, AND PULMONARY EDEMA. A SINGLE OVEREXPOSURE MAY LEAD TO LARYNGEAL, TRACHEOBRONCHIAL AND PULMONARY EDEMA. ONE INDIVIDUAL SPRAYED IN THE FACE WITH SULFURIC ACID LIQUID EXPERIENCED DELAYED SYMPTOMS OF PULMONARY FIBROSIS, RESIDUAL BRONCHITIS, AND PULMONARY EMPHYSEMA. VAPORS FROM DILUTE SOLUTIONS MAY IRRITATE MUCOUS MEMBRANES.

CHRONIC EXPOSURE- REPEATED EXPOSURE TO THE MIST MAY CAUSE INFLAMMATION OF THE UPPER RESPIRATORY TRACT, CHRONIC BRONCHITIS AND ETCHING OF THE DENTAL ENAMEL. THE CENTRAL AND LATERAL INCISORS ARE PRIMARILY AFFECTED. REPEATED EXCESSIVE EXPOSURE OVER LONG PERIODS OF TIME HAVE RESULTED IN BRONCHITIC SYMPTOMS, RHINORRHEA, FREQUENT RESPIRATORY TRACT INFECTIONS, EMPHYSEMA, STOMATITIS AND DIGESTIVE DISTURBANCES. CHRONIC INHALATION MAY CAUSE ALKALINE DEPLETION OF THE BODY PRODUCING AN ACIDOSIS WHICH AFFECTS THE NERVOUS SYSTEM AND PRODUCES AGITATION, HESITANT GAIT AND GENERALIZED WEAKNESS. AN EPIDEMIOLOGICAL STUDY OF WORKERS AT A REFINERY AND CHEMICAL PLANT SUGGESTS AN INCREASED RISK OF LARYNGEAL CANCER FROM EXPOSURE TO HIGH CONCENTRATIONS OF SULFURIC ACID.

FIRST AID- REMOVE FROM EXPOSURE AREA TO FRESH AIR IMMEDIATELY. IF BREATHING HAS STOPPED, GIVE ARTIFICIAL RESPIRATION. MAINTAIN AIRWAY AND BLOOD PRESSURE AND ADMINISTER OXYGEN IF AVAILABLE. KEEP AFFECTED PERSON WARM AND AT REST. ADMINISTRATION OF OXYGEN SHOULD BE PERFORMED BY QUALIFIED PERSONNEL. GET MEDICAL ATTENTION IMMEDIATELY.

SKIN CONTACT:

SULFURIC ACID:

CORROSIVE.

ACUTE EXPOSURE- CONTACT WITH CONCENTRATED SULFURIC ACID MAY CAUSE SEVERE SECOND AND THIRD DEGREE SKIN BURNS WITH NECROSIS DUE TO ITS AFFINITY FOR WATER AND SUBSEQUENT SEVERE DEHYDRATING ACTION, AND ITS EXOTHERMIC REACTION WITH MOISTURE. POSSIBLE CHARRING MAY OCCUR LEADING TO SHOCK AND COLLAPSE DEPENDING ON THE AMOUNT OF TISSUE INVOLVED. THE RESULTING WOUNDS MAY BE LONG IN HEALING AND MAY CAUSE EXTENSIVE SCARRING THAT MAY RESULT IN FUNCTIONAL INHIBITION. CONTACT WITH DILUTE SOLUTIONS MAY CAUSE SKIN IRRITATION.

CHRONIC EXPOSURE- REPEATED CONTACT WITH LOW CONCENTRATIONS MAY CAUSE SKIN DESICCATION AND ULCERATION OF THE HANDS, AND PARANIS OR CHRONIC PURULENT INFLAMMATION AROUND THE NAILS. REPEATED CONTACT WITH DILUTE SOLUTIONS MAY CAUSE DERMATITIS.

FIRST AID- REMOVE CONTAMINATED CLOTHING AND SHOES IMMEDIATELY. WASH AFFECTED AREA WITH SOAP OR MILD DETERGENT AND LARGE AMOUNTS OF WATER UNTIL NO EVIDENCE OF CHEMICAL REMAINS (AT LEAST 15-20 MINUTES). IN CASE OF CHEMICAL BURNS, COVER AREA WITH STERILE, DRY DRESSING. BANDAGE SECURELY, BUT NOT TOO TIGHTLY. GET MEDICAL ATTENTION IMMEDIATELY.

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SULFURIC ACID

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EYE CONTACT:
SULFURIC ACID:
CORROSIVE.

ACUTE EXPOSURE- EXPOSURE TO THE VAPORS MAY CAUSE A BURNING OR STINGING SENSATION IN THE EYES WITH LACRIMATION, BLURRED VISION AND CONJUNCTIVAL CONGESTION. SPLASHES OF ACID IN THE EYES MAY PRODUCE DEEP CORNEAL ULCERATION, KERATO-CONJUNCTIVITIS AND PALPEBRAL LESIONS WITH SEVERE SEQUELAE. IRREPARABLE CORNEAL DAMAGE AND BLINDNESS AS WELL AS SCARRING OF THE EYELIDS MAY OCCUR. SEVERE SULFURIC ACID EYE BURNS HAVE INCLUDED GLAUCOMA AND CATARACT AS COMPLICATIONS IN THE MOST SEVERE CASES. CONTACT WITH DILUTED ACID MAY PRODUCE MORE TRANSIENT EFFECTS FROM WHICH RECOVERY MAY BE COMPLETE.

CHRONIC EXPOSURE- REPEATED EXPOSURE MAY RESULT IN LACRIMATION AND CHRONIC CONJUNCTIVITIS.

FIRST AID- WASH EYES IMMEDIATELY WITH LARGE AMOUNTS OF WATER. OCCASIONALLY LIFTING UPPER AND LOWER LIDS, UNTIL NO EVIDENCE OF CHEMICAL REMAINS (AT LEAST 15-20 MINUTES). IN CASE OF BURNS, APPLY STERILE BANDAGES LOOSELY WITHOUT MEDICATION. GET MEDICAL ATTENTION IMMEDIATELY.

INGESTION:
SULFURIC ACID:
CORROSIVE.

ACUTE EXPOSURE- INGESTION MAY CAUSE BURNING PAIN IN THE MOUTH, THROAT, ESOPHAGUS AND ABDOMEN. A SOUR TASTE AND NAUSEA FOLLOWED BY VOMITING AND DIARRHEA OF CHARRED BLACK STOMACH CONTENTS. DEHYDRATION AND CARBONIZATION OF TISSUE MAY OCCUR WITH ESCHARS ON THE LIPS AND MOUTH. BROWNISH OR YELLOWISH STAINS MAY BE FOUND AROUND THE MOUTH. INTENSE THIRST, DIFFICULT SWALLOWING, ACIDEMIA, STOMATITIS, RAPID AND WEAK PULSE, SHALLOW BREATHING, SHOCK AND POSSIBLE CONVULSIONS MAY OCCUR. ALBUMIN, BLOOD AND CASTS IN URINE, ANURIA, ESOPHAGEAL AND DELAYED GASTRIC STENOSIS HAS BEEN REPORTED. POSSIBLE PERFORATION OF THE GASTROINTESTINAL TRACT MAY RESULT IN PERITONITIS.

CHRONIC EXPOSURE- NO DATA AVAILABLE.

FIRST AID- IF VICTIM IS CONSCIOUS, GIVE HIM LARGE QUANTITIES OF WATER IMMEDIATELY TO DILUTE THE ACID. DO NOT INDUCE VOMITING. GIVE PATIENT 1 OUNCE (30 ML) OF MILK OF MAGNESIA. GET MEDICAL ATTENTION IMMEDIATELY.

ANTIDOTE:
NO SPECIFIC ANTIDOTE. TREAT SYMPTOMATICALLY AND SUPPORTIVELY.

PURCHASING

REACTIVITY

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REACTIVITY:
VIOLENT EXOTHERMIC REACTION WITH WATER.

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INCOMPATIBILITIES:
SULFURIC ACID:

ACETALDEHYDE: VIOLENTLY POLYMERIZED BY CONCENTRATED ACID.
ACETIC ANHYDRIDE: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
ACETONE + NITRIC ACID: VIOLENT DECOMPOSITION.
ACETONE + POTASSIUM DICHROMATE: IGNITION.
ACETONE CYANHYDRIN: PRESSURE INCREASE WITH POSSIBLE EXPLOSIVE RUPTURE OF VESSEL.
ACETONITRILE: VIOLENT EXOTHERM ON HEATING; SULFUR TRIOXIDE REDUCES INITIATION TEMPERATURE.
ACROLEIN: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
ACRYLONITRILE: VIGOROUS EXOTHERMIC POLYMERIZATION.
ALCOHOL: EXOTHERMIC REACTION AND CONTRACTION OF VOLUME.
ALCOHOLS AND HYDROGEN PEROXIDE: POSSIBLE EXPLOSION.
ALLYL ALCOHOL: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
ALLYL CHLORIDE: VIOLENT POLYMERIZATION.
ALKYL NITRATES: MAY CAUSE VIOLENT REACTION.
2-AMINOETHANOL: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
AMMONIUM HYDROXIDE: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
AMMONIUM IRON(III) SULFATE DODECAHYDRATE: VIOLENT, EXOTHERMIC REACTION ON HEATING.
AMMONIUM TRIPERCHROMATE: FIRE OR EXPLOSION HAZARD.
ANILINE: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
BASES: VIOLENT REACTION.
BENZYL ALCOHOL: MAY DECOMPOSES EXPLOSIVELY AT ABOUT 180 C.
BROMATES + METALS: POSSIBLE IGNITION.
BROMINE PENTAFLUORIDE: VIOLENT REACTION WITH POSSIBLE IGNITION.
TERT-BUTYL-M-XYLENE: VIOLENT EXOTHERMIC REACTION WITHOUT AGITATION.
N-BUTYRALDEHYDE: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
CARBIDES: HAZARDOUS MIXTURE.
CESIUM ACETYLIDE: IGNITION ON CONTACT.
4-CHLORONITROBENZENE AND SULFUR TRIOXIDE: POSSIBLE EXPLOSIVE REACTION.
CHLORATES: ALL CHLORATES, WHEN BROUGHT IN CONTACT WITH SULFURIC ACID MAY GIVE OFF EXPLOSIVE CHLORINE DIOXIDE GAS. A VIOLENT EXPLOSION IS USUAL.
CHLORATES + METALS: POSSIBLE IGNITION.
CHLORINE TRIFLUORIDE: VIOLENT REACTION.
CHLOROSULFONIC ACID: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
CHROMATES: FIRE AND EXPLOSION HAZARD.
COATINGS: ATTACKED.
COMBUSTIBLE MATERIALS (FINELY DIVIDED): MAY IGNITE.
COPPER: EVOLUTION OF SULFUR DIOXIDE.
CUPROUS NITRIDE: VIOLENT REACTION.
2-CYANO-4-NITROBENZENEDIAZONIUM HYDROGEN SULFATE: EXOTHERMIC REACTION.
2-CYANO-2-PROPANOL: VIOLENT REACTION WITH INCREASE IN PRESSURE.
CYCLOPENTADIENE: VIOLENT OR EXPLOSIVE REACTION.
CYCLOPENTANONE OXIME: VIOLENT REACTION.
1,3-DIAZIDOBENZENE: IGNITION FOLLOWED BY EXPLOSIVE REACTION.
DIETHYLAMINE: EXOTHERMIC REACTION.
DIISOBUTYLENE: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
DIMETHYLBENZYL CARBINOL + HYDROGEN PEROXIDE: EXPLODES.

SULFURIC ACID
 DIMETHOXYANTHRAQUINONE: EXOTHERMIC REACTION ABOVE 150 C.
 2,5-DINITRO-3-METHYLBENZOIC ACID + SODIUM AZIDE: EXPLOSIVE REACTION.
 1,5-DINITRONAPHTHALENE + SULFUR: EXOTHERMIC REACTION.
 EPICHLOROHYDRIN: VIOLENT REACTION.
 ETHOXYLATED NONYLPHENOL: POSSIBLE IGNITION.
 ETHANOL + HYDROGEN PEROXIDE: POSSIBLE EXPLOSION.
 ETHYLENE CYANOHYDRIN: VIOLENT REACTION.
 ETHYLENE DIAMINE: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
 ETHYLENE GLYCOL: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
 ETHYLENIMINE: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
 FULMINATES: EXTREMELY HAZARDOUS MIXTURE.
 HEXALITHIUM DISILICIDE: INCANDESCENT REACTION.
 HYDROCHLORIC ACID: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
 HYDROGEN PEROXIDE (>50%): EXPLOSIVE REACTION AFTER EVAPORATION.
 HYDROFLUORIC ACID: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
 INDANE + NITRIC ACID: POSSIBLE EXPLOSION.
 IODINE HEPTAFLUORIDE: THE ACID BECOMES EFFERVESCENT.
 IRON: POSSIBLE EXPLOSION DUE TO HYDROGEN GAS FROM THE ACID-METAL REACTION.
 ISOPRENE: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
 LITHIUM SILICIDE: INCANDESCENT REACTION.
 MERCURY NITRIDE: EXPLOSION ON CONTACT.
 MESITYL OXIDE: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
 METALS: MAY LIBERATE FLAMMABLE HYDROGEN GAS.
 METALS (POWDERED): EXTREMELY HAZARDOUS MIXTURE.
 METAL ACETYLIDES: IGNITION REACTION.
 METAL CHLORATES: VIOLENT EXPLOSION UNLESS PROPERLY COOLED.
 METAL PERCHLORATES: FORMATION OF EXPLOSIVE PERCHLORIC ACID.
 4-METHYLPYRIDINE: EXOTHERMIC REACTION.
 NITRAMIDE: MAY DECOMPOSE EXPLOSIVELY ON CONTACT.
 NITRATES: INCOMPATIBLE.
 NITRIC ACID + GLYCERIDES: EXPLOSION.
 NITRIC ACID + ORGANIC MATERIAL: MAY CAUSE VIOLENT REACTION.
 NITRIC ACID + TOLUENE: POSSIBLE VIOLENT REACTION OR EXPLOSION.
 NITROARYL BASES AND DERIVATIVES: MAY CAUSE VIOLENT REACTION OR EXPLOSION.
 NITROBENZENE: EXOTHERMIC REACTION AT ELEVATED TEMPERATURES.
 3-NITROBENZENESULFONIC ACID: EXOTHERMIC REACTION.
 NITROMETHANE: FORMATION OF EXPLOSIVE MIXTURE.
 N-NITROMETHYLAMINE: EXPLOSIVE DECOMPOSITION.
 4-NITROTOLUENE: EXPLOSIVE AT 80 C.
 ORGANICS: VIOLENT EXOTHERMIC REACTION.
 PENTASILVER TRIHYDROXYDIAMINOPHOSPHATE: EXPLOSION ON CONTACT.
 PERCHLORATES: POSSIBLE EXPLOSION.
 PERCHLORIC ACID: FORMATION OF DANGEROUS ANHYDROUS PERCHLORIC ACID.
 PERMANGANATES: FORMATION OF PERMANGANIC ACID.
 PERMANGANATES + BENZENE: POSSIBLE EXPLOSION.
 1-PHENYL-2-METHYL-PROPYL ALCOHOL + HYDROGEN PEROXIDE: POSSIBLE EXPLOSION.
 PHOSPHORUS (WHITE OR YELLOW): IGNITION IN CONTACT WITH BOILING ACID.
 PHOSPHORUS ISOCYANATE: VIOLENT REACTION.
 PHOSPHORUS TRIOXIDE: VIOLENT OXIDATION WITH POSSIBLE IGNITION.
 PICRATES: EXTREMELY HAZARDOUS MIXTURE.
 PLASTICS: ATTACKED.
 POLYSILYLENE: EXPLOSION ON CONTACT.
 POTASSIUM: EXPLOSIVE INTERACTION.
 POTASSIUM TERT-BUTOXIDE: IGNITION.
 POTASSIUM CHLORATE: POSSIBLE FIRE AND EXPLOSION.
 POTASSIUM PERMANGANATE: POSSIBLE EXPLOSION IN THE PRESENCE OF MOISTURE.
 POTASSIUM PERMANGANATE + POTASSIUM CHLORIDE: VIOLENT EXPLOSION.
 PROPIOLACTONE (BETA): TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
 PROPYLENE OXIDE: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
 3-PROPYNOL: POSSIBLE EXPLOSION UNLESS ADEQUATELY COOLED.
 PYRIDINE: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
 REDUCING AGENTS: REACTS.
 RUBBER: ATTACKED.
 RUBIDIUM ACETYLIDE: IGNITION ON CONTACT.
 SILVER PERMANGANATE (MOIST): EXPLOSIVE REACTION.
 SILVER PEROXOCHROMATE: EXPLOSIVE REACTION.
 SODIUM: EXPLOSIVE REACTION WITH AQUEOUS ACID.
 SODIUM CARBONATE: VIOLENT REACTION.
 SODIUM CHLORATE: POSSIBLE FIRE OR EXPLOSION.
 SODIUM HYDROXIDE: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
 SODIUM TETRAHYDROBORATE: VIOLENT, EXOTHERMIC REACTION.
 SODIUM THIOCYANATE: VIOLENT EXOTHERMIC WITH EVOLUTION OF CARBONYL SULFIDE.
 STEEL: POSSIBLE EXPLOSION DUE TO HYDROGEN GAS FROM THE ACID-METAL REACTION.
 STYRENE MONOMER: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
 TETRAMETHYLBENZENES: VIOLENT REACTION IN CLOSED CONTAINERS.
 1,2,4,5-TETRAZINE: VIOLENT DECOMPOSITION ON CONTACT.
 THALLIUM(I) AZIDIDITHIOCARBONATE: MAY EXPLODE ON CONTACT.
 1,3,5-TRINITROSOHEXAHYDRO-1,3,5-TRIAZINE: EXPLOSIVE DECOMPOSITION ON CONTACT.
 VINYL ACETATE: TEMPERATURE AND PRESSURE INCREASE IN CLOSED CONTAINER.
 ZINC CHLORATE: LIKELY TO CAUSE FIRES AND EXPLOSIONS.
 ZINC IODIDE: VIOLENT INTERACTION.

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DECOMPOSITION:
 THERMAL DECOMPOSITION MAY RELEASE TOXIC OXIDES OF SULFUR.

POLYMERIZATION:
 HAZARDOUS POLYMERIZATION HAS NOT BEEN REPORTED TO OCCUR UNDER NORMAL TEMPERATURES AND PRESSURES.

 STORAGE AND DISPOSAL

OBSERVE ALL FEDERAL, STATE AND LOCAL REGULATIONS WHEN STORING OR DISPOSING OF THIS SUBSTANCE.

SULFURIC ACID

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PROTECT AGAINST PHYSICAL DAMAGE AND WATER. SEPARATE FROM CARBIDES, CHLORATES, FULMINATES, NITRATES, PICRATES, POWDERED METALS, AND COMBUSTIBLE MATERIALS (NFPA 49, HAZARDOUS CHEMICALS DATA, 1975).

STORE AWAY FROM INCOMPATIBLE SUBSTANCES.

THRESHOLD PLANNING QUANTITY (TPQ):
THE SUPERFUND AMENDMENTS AND REAUTHORIZATION ACT (SARA) SECTION 302 REQUIRES THAT EACH FACILITY WHERE ANY EXTREMELY HAZARDOUS SUBSTANCE IS PRESENT IN A QUANTITY EQUAL TO OR GREATER THAN THE TPQ ESTABLISHED FOR THAT SUBSTANCE NOTIFY THE STATE EMERGENCY RESPONSE COMMISSION FOR THE STATE IN WHICH IT IS LOCATED. SECTION 303 OF SARA REQUIRES THESE FACILITIES TO PARTICIPATE IN LOCAL EMERGENCY RESPONSE PLANNING (40 CFR 355.30).

DISPOSAL

DISPOSAL MUST BE IN ACCORDANCE WITH STANDARDS APPLICABLE TO GENERATORS OF HAZARDOUS WASTE, 40 CFR 262, EPA HAZARDOUS WASTE NUMBER D002.

CONDITIONS TO AVOID

MAY IGNITE OTHER COMBUSTIBLE MATERIALS (WOOD, PAPER, OIL, ETC.). VIOLENT REACTION WITH WATER. FLAMMABLE, POISONOUS GASES MAY ACCUMULATE IN CONFINED SPACES. RUNOFF TO SEWER MAY CREATE FIRE OR EXPLOSION HAZARD.

SPILL AND LEAK PROCEDURES

SOIL SPILL:
DIG HOLDING AREA SUCH AS LAGOON, POND OR PIT FOR CONTAINMENT.

DIKE FLOW OF SPILLED MATERIAL USING SOIL OR SANDBAGS OR FOAMED BARRIERS SUCH AS POLYURETHANE OR CONCRETE.

USE CEMENT POWDER OR FLY ASH TO ABSORB LIQUID MASS.

NEUTRALIZE SPILL WITH SLAKED LIME, SODIUM BICARBONATE OR CRUSHED LIMESTONE.

AIR SPILL:
APPLY WATER SPRAY TO KNOCK DOWN AND REDUCE VAPORS. KNOCK-DOWN WATER IS CORROSIVE AND TOXIC AND SHOULD BE DIKED FOR CONTAINMENT AND LATER DISPOSAL.

WATER SPILL:
NEUTRALIZE WITH AGRICULTURAL LIME, SLAKED LIME, CRUSHED LIMESTONE, OR SODIUM BICARBONATE.

OCCUPATIONAL SPILL:
KEEP COMBUSTIBLES (WOOD, PAPER, OIL, ETC.) AWAY FROM SPILLED MATERIAL. DO NOT TOUCH SPILLED MATERIAL. DO NOT GET WATER INSIDE CONTAINER. STOP LEAK IF YOU CAN DO IT WITHOUT RISK. USE WATER SPRAY TO REDUCE VAPORS. DO NOT PUT WATER ON LEAK OR SPILL AREA. CLEAN UP ONLY UNDER THE SUPERVISION OF AN EXPERT. DIKE SPILL FOR LATER DISPOSAL. DO NOT APPLY WATER UNLESS DIRECTED TO DO SO. KEEP UNNECESSARY PEOPLE AWAY. ISOLATE HAZARD AREA AND DENY ENTRY. VENTILATE CLOSED SPACES BEFORE ENTERING.

REPORTABLE QUANTITY (RQ): 1000 POUNDS
THE SUPERFUND AMENDMENTS AND REAUTHORIZATION ACT (SARA) SECTION 304 REQUIRES THAT A RELEASE EQUAL TO OR GREATER THAN THE REPORTABLE QUANTITY FOR THIS SUBSTANCE BE IMMEDIATELY REPORTED TO THE LOCAL EMERGENCY PLANNING COMMITTEE AND THE STATE EMERGENCY RESPONSE COMMISSION (40 CFR 355.40). IF THE RELEASE OF THIS SUBSTANCE IS REPORTABLE UNDER CERCLA SECTION 103, THE NATIONAL RESPONSE CENTER MUST BE NOTIFIED IMMEDIATELY AT (800) 424-8802 OR (202) 426-2675 IN THE METROPOLITAN WASHINGTON, D.C. AREA (40 CFR 302.6).

PROTECTIVE EQUIPMENT

VENTILATION:
PROCESS ENCLOSURE RECOMMENDED TO MEET PUBLISHED EXPOSURE LIMITS.

RESPIRATOR:
THE FOLLOWING RESPIRATORS AND MAXIMUM USE CONCENTRATIONS ARE RECOMMENDATIONS BY THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, NIOSH POCKET GUIDE TO CHEMICAL HAZARDS OR NIOSH CRITERIA DOCUMENTS; OR DEPARTMENT OF LABOR, 29CFR1910 SUBPART Z.
THE SPECIFIC RESPIRATOR SELECTED MUST BE BASED ON CONTAMINATION LEVELS FOUND IN THE WORK PLACE AND BE JOINTLY APPROVED BY THE NATIONAL INSTITUTE OF OCCUPATIONAL SAFETY AND HEALTH AND THE MINE SAFETY AND HEALTH ADMINISTRATION.

SULFURIC ACID:

- 25 MG/M3- ANY POWERED AIR-PURIFYING RESPIRATOR WITH AN ACID GAS CARTRIDGE(S) AND HAVING A HIGH-EFFICIENCY PARTICULATE FILTER.
ANY SUPPLIED-AIR RESPIRATOR OPERATED IN A CONTINUOUS FLOW MODE.
- 50 MG/M3- ANY CHEMICAL CARTRIDGE RESPIRATOR WITH A FULL FACEPIECE AND ACID GAS CARTRIDGE(S) IN COMBINATION WITH A HIGH-EFFICIENCY PARTICULATE FILTER.
ANY SELF-CONTAINED BREATHING APPARATUS WITH A FULL FACEPIECE.
ANY SUPPLIED-AIR RESPIRATOR WITH A FULL FACEPIECE.
ANY AIR-PURIFYING FULL FACEPIECE RESPIRATOR (GAS MASK) WITH A CHIN-STYLE OR FRONT- OR BACK-MOUNTED ACID GAS CANISTER HAVING A HIGH-EFFICIENCY PARTICULATE FILTER.

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SULFURIC ACID
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80 MG/M3- ANY SUPPLIED-AIR RESPIRATOR WITH A FULL FACEPIECE AND OPERATED IN A PRESSURE-DEMAND OR OTHER POSITIVE PRESSURE MODE.

ESCAPE- ANY AIR-PURIFYING FULL FACEPIECE RESPIRATOR (GAS MASK) WITH A CHIN-STYLE OR FRONT- OR BACK-MOUNTED ACID GAS CANISTER HAVING A HIGH-EFFICIENCY PARTICULATE FILTER.
ANY APPROPRIATE ESCAPE-TYPE SELF-CONTAINED BREATHING APPARATUS.

FOR FIREFIGHTING AND OTHER IMMEDIATELY DANGEROUS TO LIFE OR HEALTH CONDITIONS:

SELF-CONTAINED BREATHING APPARATUS WITH FULL FACEPIECE OPERATED IN PRESSURE DEMAND OR OTHER POSITIVE PRESSURE MODE.

SUPPLIED-AIR RESPIRATOR WITH FULL FACEPIECE AND OPERATED IN PRESSURE-DEMAND OR OTHER POSITIVE PRESSURE MODE IN COMBINATION WITH AN AUXILIARY SELF-CONTAINED BREATHING APPARATUS OPERATED IN PRESSURE-DEMAND OR OTHER POSITIVE PRESSURE MODE.

CLOTHING:

WEAR APPROPRIATE PROTECTIVE CLOTHING TO AVOID ANY POSSIBILITY OF SKIN CONTACT WITH LIQUIDS CONTAINING MORE THAN 1% SULFURIC ACID. AVOID REPEATED OR PROLONGED SKIN CONTACT WITH LIQUIDS CONTAINING 1% OR LESS SULFURIC ACID.

GLOVES:

EMPLOYEE MUST WEAR APPROPRIATE PROTECTIVE GLOVES TO PREVENT CONTACT WITH THIS SUBSTANCE.

EYE PROTECTION:

EMPLOYEE MUST WEAR SPLASH-PROOF OR DUST-RESISTANT SAFETY GOGGLES AND A FACESHIELD TO PREVENT CONTACT WITH THIS SUBSTANCE. CONTACT LENSES SHOULD NOT BE WORN.

EMERGENCY WASH FACILITIES:

WHERE THERE IS ANY POSSIBILITY THAT AN EMPLOYEE'S EYES AND/OR SKIN MAY BE EXPOSED TO THIS SUBSTANCE, THE EMPLOYER SHOULD PROVIDE AN EYE WASH FOUNTAIN AND QUICK DRENCH SHOWER WITHIN THE IMMEDIATE WORK AREA FOR EMERGENCY USE.

AUTHORIZED - FISHER SCIENTIFIC GROUP, INC.
CREATION DATE: 11/28/84 REVISION DATE: 06/29/88

-ADDITIONAL INFORMATION-

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MATERIAL SAFETY DATA SHEET

Sun Refining and
Marketing Company

THIS PRODUCT SAFETY INFORMATION IS PROVIDED PERIODICALLY TO ASSIST OUR CUSTOMERS IN ASSESSING COMPLIANCE WITH HEALTH/SAFETY/ENVIRONMENTAL REGULATIONS. PLEASE FORWARD THIS TO YOUR MANAGER OF SAFETY AND HEALTH. THIS FORM REPLACES OUR PREVIOUS FORM DATED 11/21/87

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PRINTED: 88/10/01

SECTION 1 IDENTIFICATION

NAME SUNLITE	SYNONYMS UNLEADED REGULAR GASOLINE	REV. DATE 09/27
CAS REGISTRY NO.	CAS NAME NO CLASSIFICATION - MIXTURE	UN

SMITH OIL CORPORATION

2120 16TH. STREET
RCKKFOR

IL 61104

CHEMICAL FAMILY **A BLENDED MOTOR FUEL**SUN REFINING
AND MARKETING COMPANY
TEN PENN CENTER 1801 MARKET STREET
PHILADELPHIA PA 19103INFORMATION SUPPLIED BY **JOANNE HOUCK**
AND PHONE **(215) 293-6487**

SECTION 2 INGREDIENTS

MATERIAL(S)
THIS PRODUCT IS A BLEND OF LIGHT PETROLEUM DISTILLATE, CAS#8006-61-9, WHICH CONTAINS BENZENE, CAS#71-43 AT 0.1 TO 4.9%. MAY ALSO CONTAIN A PROPRIETARY MULTIFUNCTIONAL ADDITIVE AND/OR METHYL TERTIARY BUTYL ET (MTBE) CAS#1634-04-4, DEPENDING ON ORIGIN.

SECTION 3 PHYSICAL DATA

BOILING POINT: 760 mm Hg <100-430 °F. <38 TO 221 °C	VAPOR PRESSURE: (mm Hg AT 20°C) 325 - 525	pH INFORMATION: pH N/A @
MELTING POINT: NO DATA °F. NO DATA °C	VAPOR DENSITY: (AIR = 1) 4+	OCTANOL/WATER PARTITION COEFFICIENT: NO DATA
SPECIFIC GRAVITY: (H ₂ O=1) 0.74	SOLUBILITY IN H ₂ O: (% BY VOL.) NIL	APPEARANCE CLEAR LIQUID
PACKING DENSITY: (WHEN APPLICABLE) Kg/m ³ N/A	% VOLATILES BY VOL.: 100	AND ODOR: GASOLINE ODOR.
	EVAPORATION RATE: (ETHYL ETHER = 1) RAPID & VARIES	ODOR THRESHOLD (ppm) 15 EST.

SECTION 4 FIRE AND EXPLOSION DATA (CONT. ON PAGE 2)

FLASH POINT: **MINUS 40 EST'D** °F. **MINUS 40 EST'D** °C. AUTOIGNITION TEMPERATURE: **750 ESTIMATED** °F. **399 ESTIMATED** °C.

NFPA CLASSIFICATION			HAZARD RATING			FLAMMABLE LIMITS IN AIR	
HEALTH 1	FIRE 3	REACTIVITY 0	LEAST 0	SLIGHT 1		LOWER EXPLOSIVE LEVEL (LEL)	1.5
SPECIFIC HAZARD			MODERATE 2	HIGH 3	EXTREME 4	UPPER EXPLOSIVE LEVEL (UEL)	7.6

FIRE AND EXPLOSION HAZARDS

EXTREMELY FLAMMABLE LIQUID (FLASH POINT LESS THAN 20°F)

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MATERIAL SAFETY DATA SHEET

PAGE 2

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EXTINGUISHING MEDIA
WATER FOG. ALCOHOL FOAM. DRY CHEMICAL POWDER.
CARBON DIOXIDE.

SPECIAL FIRE FIGHTING INSTRUCTIONS
COOL TANK/ CONTAINER. WEAR SELF-CONTAINED BREATHING APPARATUS WHEN FIRE FIGHTING IN CONFINED SPACE.

SECTION 5 HEALTH HAZARD INFORMATION

EXPOSURE LIMITS
LIMIT IS DEPENDENT UPON BENZENE, SEE SECTION 10 GOVERNMENT REGULATION.

ROUTES OF EXPOSURE AND EFFECTS
INHALATION EXCESSIVE EXPOSURES MAY CAUSE IRRITATION TO EYES, NOSE, THROAT. DIZZINESS, LOSS OF BALANCE AND COORDINATION; UNCONSCIOUSNESS, COMA; RESPIRATORY FAILURE AND DEATH. CONTAINS MATERIAL WHICH HAS CAUSED CANCER IN ANIMAL STUDIES, THE SIGNIFICANCE TO HUMAN HEALTH IS UNDER STUDY.

SKIN SKIN ABSORPTION OF MATERIAL MAY ADD SIGNIFICANTLY TO EXPOSURE. MILD IRRITATION REMOVES NATURAL OILS AND FATS FROM SKIN WITH PROLONGED OR REPEATED CONTACT.

EYE CONTACT WITH THE EYE MAY CAUSE TEMPORARY SMARTING. NO PERMANENT DAMAGE EXPECTED.

INGESTION HARMFUL OR FATAL IF SWALLOWED. PULMONARY ASPIRATION HAZARD IF SWALLOWED AND VOMITING OCCURS. CONTAINS MATERIAL WHICH HAS CAUSED CANCER IN ANIMAL STUDIES.

FIRST AID
INHALATION MOVE PERSON TO FRESH AIR. IF NOT BREATHING, GIVE ARTIFICIAL RESPIRATION, OBTAIN MEDICAL ASSISTANCE.
SKIN WASH WITH SOAP AND WATER UNTIL NO ODOR REMAINS. IF REDNESS OR SWELLING DEVELOPS, OBTAIN MEDICAL ASSISTANCE. IMMEDIATELY REMOVE SOAKED CLOTHING. WASH CLOTHING BEFORE REUSE.

EYE FLUSH WITH WATER. IF IRRITATION PERSISTS, OBTAIN MEDICAL ASSISTANCE.

INGESTION DO NOT INDUCE VOMITING! DO NOT GIVE LIQUIDS! OBTAIN MEDICAL ASSISTANCE. SMALL AMOUNTS WHICH ACCIDENTALLY ENTER MOUTH SHOULD BE RINSED OUT UNTIL TASTE OF IT IS GONE.

SECTION 6 REACTIVITY DATA (CONT. ON PAGE 3)

STABILITY STABLE.	INCOMPATIBLE MATERIALS STRONG OXIDIZERS.	HAZARDOUS DECOMPOSITION PRODUCTS CARBON MONOXIDE AND ASPHYXIANT ARE PRODUCED BY FIRE IGNITION
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MATERIAL SAFETY DATA SHEET

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^{POLYMERIZATION}
POLYMERIZATION WILL NOT OCCUR.

SECTION 7 PROTECTION INFORMATION

^{VENTILATION}
USE ONLY WITH ADEQUATE VENTILATION. VENTILATE AS NEEDED TO COMPLY WITH EXPOSURE LIMIT. MECHANICAL VENTILATION RECOMMENDED.

^{PERSONAL PROTECTIVE EQUIPMENT}
EYE SAFETY GLASSES RECOMMENDED TO PROTECT AGAINST SPLASH OF PRODUCT. PRODUCT MINIMALLY IRRITATING TO EYE LOCAL SAFETY POLICY DECISION.

GLOVES IMPERVIOUS GLOVES RECOMMENDED WHEN PROLONGED SKIN CONTACT CANNOT BE AVOIDED.

RESPIRATOR CONCENTRATION-IN-AIR DETERMINES PROTECTION NEEDED. USE ONLY NIOSH CERTIFIED RESPIRATORY PROTECT

OTHER IF CONTACT IS UNAVOIDABLE, WEAR IMPERVIOUS PROTECTIVE GEAR. LAUNDER SOILED CLOTHES.

SECTION 8 DISPOSAL PROCEDURES

^{AQUATIC TOXICITY}
GASOLINE SPILLS ARE TOXIC TO FISH AND AQUATIC FLORA

^{SPILL, LEAK OR RELEASE}
PREVENT IGNITION; STOP LEAK; VENTILATE AREA. CONTAIN SPILL. USE WATER SPRAY TO DISPERSE VAPORS. KEEP UPWIND OF LEAK. WEAR RESPIRATORY PROTECTION FOR LARGE SPILL, LEAK OR RELEASE. ADVISE EPA; STATE AGENCY REQUIRED. ABSORB ON INERT MATERIAL.

^{WASTE DISPOSAL}
FOLLOW FEDERAL, STATE AND LOCAL REGULATIONS. RCRA HAZARDOUS WASTE. DO NOT FLUSH TO DRAIN/ STORM SEWER. CONTRACT TO AUTHORIZED DISPOSAL SERVICE.

SECTION 9 SPECIAL PRECAUTIONS

^{STORAGE AND HANDLING CONDITIONS}
KEEP AWAY FROM HEAT, SPARKS AND FLAME. NFPA CLASS 1A STORAGE. CONSULT NFPA AND OSHA CODES. TRANSFER OPERATIONS MUST BE ELECTRICALLY GROUNDED AND BONDED TO DISSIPATE STATIC BUILDUP. AVOID PROLONGED BREATH OF MIST OR VAPOR. AVOID PROLONGED OR REPEATED CONTACT WITH SKIN. NEVER SIPHON BY MOUTH.

SECTION 10 PRECAUTIONARY LABEL (IF APPLICABLE)

PRECAUTIONARY LABELING FOR PUMPS, PORTABLE CONTAINERS, AND DRUMS IS REQUIRED. A "HAZARDOUS WHEN EMPTY" PICTOGRAM AND D.O.T. FLAMMABLE LIQUID LABEL ARE ALSO REQUIRED FOR DRUMS. DETAILS AVAILABLE UPON REQUEST. BECAUSE BENZENE IS PRESENT IN THIS PRODUCT ABOVE 0.1%, THE OSHA STANDARD FOR BENZENE IS APPLICABLE TO 1 LOCATIONS UPSTREAM OF FINAL DISCHARGE FROM TERMINALS. CONSULT 29CFR1910.1028 FOR DETAILS. PROLONGED AND REPEATED EXCESSIVE EXPOSURES TO BENZENE CAN RESULT IN BLOOD DISORDERS RANGING FROM ANEMIA TO LEUKEMIA. RECOMMENDS THAT EXPOSURES TO BENZENE BE KEPT BELOW 1.0 PPM FOR 8-HOURS; 5.0 PPM FOR 15-MIN. NORMAL SERI STATION OPERATIONS ARE BELOW THESE VALUES. FOR USE AS A MOTOR FUEL ONLY. DO NOT USE FOR ANY OTHER PURPOSE.

FREON

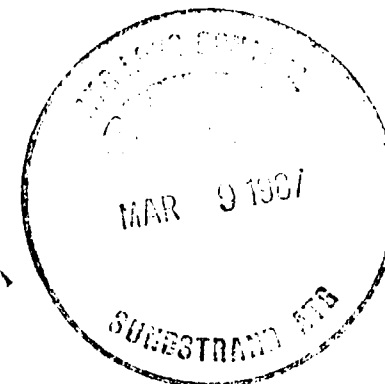
REVISION OF: 01/30/87

SUNDSTRAND AVIATION
ENVIRONMENTAL ANALYST

ORDER NO: 691W41553

P.O. BOX 7002
ROCKFORD

IL 61125



VAN WATERS & ROGERS INC. 2600 CAMPUS DRIVE SAN MATEO, CA 94403

-----EMERGENCY ASSISTANCE-----

FOR EMERGENCY ASSISTANCE INVOLVING CHEMICALS CALL CHEMTREC
(800) 424-9300.

-----FOR PRODUCT AND SALES INFORMATION-----

CONTACT YOUR LOCAL VAN WATERS & ROGERS BRANCH OFFICE

-----PRODUCT IDENTIFICATION-----

PRODUCT NAME: FREON (R) TMS
COMMON NAMES/SYNONYMS: MIXTURE OF FREON
(R) TF, METHANOL, AND NITROMETHANE

CAS NO.: MIXTURE
VW&R CODE: T1118004

FORMULA: C2 CL3 F3 / C H4 O / C H3 O2 N
HAZARD RATING (NFPA 704)

HEALTH: 1
FIRE: 1
REACTIVITY: 0
SPECIAL: NONE

DATE ISSUED: 06/86
SUPERCEDES: 02/86
HAZARD RATING SCALE:
0=MINIMAL 3=SERIOUS
1=SLIGHT 4=SEVERE
2=MODERATE

-----HAZARDOUS INGREDIENTS-----

EXPOSURE LIMITS, PPM

COMPONENT	CAS NO.	%	PEL	TLV	OTHER	HAZARD
FREON (R) TF (TRICHLOROTRI-						

FREON

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FLUOROETHANE)	76-13-1	94	1000	1000	NONE	OSHA/ACGIH LIST
METHANOL	67-56-1	5.7	200	200	NONE	FLAMMABLE
NITROMETHANE	75-52-5	0.3	100	100	NONE	FLAMMABLE

(R) TRADEMARK OF DUPONT FOR ITS FLUOROCARBON COMPOUNDS

-----PHYSICAL PROPERTIES-----

BOILING POINT, DEG F: 103.3 VAPOR PRESSURE, MM HG/25 DEG C: 273
MELTING POINT, DEG F: N/A VAPOR DENSITY (AIR=1): 2.8
SPECIFIC GRAVITY (WATER=1): 1.52 WATER SOLUBILITY, %: NIL
APPEARANCE AND ODOR: CLEAR. EVAPORATION RATE (BUTYL ACETATE=1): >1
COLORLESS LIQUID; FAINT SOLVENT ODOR.

-----FIRST AID MEASURES-----

IF INHALED: REMOVE TO FRESH AIR. GIVE ARTIFICIAL RESPIRATION IF NOT BREATHING. GET IMMEDIATE MEDICAL ATTENTION.

IN CASE OF EYE CONTACT: IMMEDIATELY FLUSH EYES WITH LOTS OF RUNNING WATER FOR 15 MINUTES, LIFTING THE UPPER AND LOWER EYELIDS OCCASIONALLY. GET IMMEDIATE MEDICAL ATTENTION.

IN CASE OF SKIN CONTACT: IMMEDIATELY WASH SKIN WITH LOTS OF SOAP AND WATER. REMOVE CONTAMINATED CLOTHING AND SHOES; WASH BEFORE REUSE. GET MEDICAL ATTENTION IF IRRITATION PERSISTS AFTER WASHING.

IF SWALLOWED: DO NOT INDUCE VOMITING. IF CONSCIOUS, GIVE LOTS OF WATER OR MILK. GET IMMEDIATE MEDICAL ATTENTION. DO NOT GIVE ANYTHING BY MOUTH TO AN UNCONSCIOUS OR CONVULSING PERSON.

NOTE TO PHYSICIANS: BECAUSE OF POSSIBLE INCREASED RISK OF ELICITING CARDIAC DYSRHYTHMIAS, CATECHOLAMINE DRUGS, SUCH AS EPINEPHRINE, SHOULD BE CONSIDERED ONLY AS A LAST RESORT IN LIFE THREATENING EMERGENCIES.

-----HEALTH HAZARD INFORMATION-----

PRIMARY ROUTES OF EXPOSURE: INHALATION, SKIN OR EYE CONTACT.

SIGNS AND SYMPTOMS OF EXPOSURE

INHALATION: PROLONGED OR REPEATED EXPOSURE OR BREATHING VERY HIGH CONCENTRATIONS MAY CAUSE LIGHT-HEADEDNESS, GIDDINESS, SHORTNESS OF BREA-

FREON

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TH AND MAY LEAD TO NARCOSIS, CARDIAC IRREGULARITIES, UNCONSCIOUSNESS, OR DEATH. VAPORS ARE HEAVIER THAN AIR AND CAN CAUSE SUFFOCATION BY REDUCING OXYGEN AVAILABLE FOR BREATHING. IN SCREENING STUDIES WITH EXPERIMENTAL ANIMALS, EXPOSURE TO FREON (R) TF AT APPROXIMATELY 5000 PPM (V/V) AND ABOVE, FOLLOWED BY A LARGE INTRAVENOUS CHALLENGE, HAS INDUCED SERIOUS CARDIAC IRREGULARITIES.

EYE CONTACT: LIQUID AND MIST MAY IRRITATE THE EYES.

SKIN CONTACT: NO IRRITATION IS LIKELY AFTER BRIEF CONTACT BUT MAY BE IRRITATING AFTER PROLONGED CONTACT.

SWALLOWED: SWALLOWING LARGE QUANTITIES MAY CAUSE NAUSEA, HEADACHES, BLINDNESS, UNCONSCIOUSNESS, OR DEATH.

CHRONIC EFFECTS OF EXPOSURE: NO SPECIFIC INFORMATION AVAILABLE.

MEDICAL CONDITIONS GENERALLY AGGRAVATED BY EXPOSURE: CARDIOVASCULAR DISEASE.

-----TOXICITY DATA-----

NO DATA FOUND FOR FREON (R) TMS. HOWEVER, FOR FREON (R) TF, ITS MAJOR COMPONENT:

ORAL: RAT LD50 = 43 G/KG

DERMAL: RABBIT 500 MG ON OPEN SKIN CAUSED MILD IRRITATION

INHALATION: RAT LC50 = 52,000 PPM/4HR

FOR METHANOL, ANOTHER COMPONENT OF FREON (R) TMS:

ORAL: HUMAN LDLO = 340 MG/KG; RAT LD50 = 5,628 G/KG

DERMAL: RABBIT LD50 = 20 G/KG

INHALATION: HUMAN TCLO = 86 G/M3 IRRITATION

FOR NITROMETHANE, A MINOR COMPONENT OF FREON (R) TMS:

ORAL: RAT LD50 = 1210 MG/KG

FREON

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DERMAL: NO DATA FOUND

INHALATION: RAT LC50 = 6,000 PPM/4HR

CARCINOGENICITY: THIS MATERIAL IS NOT CONSIDERED TO BE A CARCINOGEN BY THE NATIONAL TOXICOLOGY PROGRAM, THE INTERNATIONAL AGENCY FOR RESEARCH ON CANCER, OR THE OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

OTHER DATA: NONE

-----PERSONAL PROTECTION-----

VENTILATION: LOCAL MECHANICAL EXHAUST VENTILATION CAPABLE OF MAINTAINING EMISSIONS AT THE POINT OF USE BELOW THE LOWEST PEL.

RESPIRATORY PROTECTION: WEAR A NIOSH-APPROVED SELF-CONTAINED BREATHING APPARATUS IN THE PRESSURE DEMAND MODE, OR A SUPPLIED-AIR RESPIRATOR IF USE CONDITIONS GENERATE VAPORS OR MISTS.

EYE PROTECTION: CHEMICAL GOGGLES UNLESS A FULL FACEPIECE RESPIRATOR IS ALSO WORN. IT IS GENERALLY RECOGNIZED THAT CONTACT LENSES SHOULD NOT BE WORN WHEN WORKING WITH CHEMICALS BECAUSE CONTACT LENSES MAY CONTRIBUTE TO THE SEVERITY OF AN EYE INJURY.

PROTECTIVE CLOTHING: LONG-SLEEVED SHIRT, TROUSERS, SAFETY SHOES, RUBBER GLOVES, AND RUBBER APRON.

OTHER PROTECTIVE MEASURES: AN EYEWASH AND SAFETY SHOWER SHOULD BE NEARBY AND READY FOR USE.

-----FIRE AND EXPLOSION INFORMATION-----

FLASH POINT, DEG F: NONE

FLAMMABLE LIMITS IN AIR, %

METHOD USED: N/A

LOWER: N/A UPPER: N/A

EXTINGUISHING MEDIA: THIS MATERIAL IS NOT COMBUSTIBLE. USE EXTINGUISHING MEDIA APPROPRIATE FOR SURROUNDING FIRE.

SPECIAL FIRE FIGHTING PROCEDURES: FIRE FIGHTERS SHOULD WEAR SELF-CONTAINED BREATHING APPARATUS AND FULL PROTECTIVE CLOTHING. USE WATER SPRAY TO COOL NEARBY CONTAINERS AND STRUCTURES EXPOSED TO FIRE.

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WATER WILL EXTRACT A FLAMMABLE CO-SOLVENT, METHANOL, WHICH WILL FORM A FLAMMABLE SUPERNATANT LAYER.

HAZARDOUS REACTIVITY

MATERIALS TO AVOID: ALKALIS, OXIDIZING MATERIALS, WATER, AND MOIST AIR. ALSO ALKALI OR ALKALINE EARTH METALS, POWDERED ALUMINUM OR ZINC.

HAZARDOUS DECOMPOSITION PRODUCTS: MAY LIBERATE CARBON MONOXIDE, CARBON DIOXIDE, HYDROGEN CHLORIDE, CHLORINE, PHOSGENE, AND HYDROGEN FLUORIDE.

SPILL, LEAK, AND DISPOSAL PROCEDURES

ACTION TO TAKE FOR SPILLS OR LEAKS: WEAR PROTECTIVE EQUIPMENT INCLUDING RUBBER BOOTS, RUBBER GLOVES, RUBBER APRON, AND A SELF-CONTAINED BREATHING APPARATUS IN THE PRESSURE DEMAND MODE OR A SUPPLIED-AIR RESPIRATOR. IF THE SPILL OR LEAK IS SMALL, A FULL FACEPIECE AIR-PURIFYING CARTRIDGE RESPIRATOR EQUIPPED FOR ORGANIC VAPORS MAY BE SATISFACTORY. IN ANY EVENT, ALWAYS WEAR EYE PROTECTION. EXTINGUISH ALL IGNITION SOURCES. FOR SMALL SPILLS OR DRIPS, MOP OR WIPE UP AND DISPOSE OF IN DOT-APPROVED WASTE CONTAINERS. FOR LARGE SPILLS, CONTAIN BY DIKING WITH SOIL OR OTHER NON-COMBUSTIBLE SORBENT MATERIAL AND THEN PUMP INTO DOT-APPROVED WASTE CONTAINERS; OR ABSORB WITH NON-COMBUSTIBLE SORBENT MATERIAL AND PLACE RESIDUE IN DOT-APPROVED WASTE CONTAINERS. KEEP OUT OF SEWERS, STORM DRAINS, SURFACE WATERS, AND SOIL. COMPLY WITH ALL APPLICABLE GOVERNMENTAL REGULATIONS ON SPILL REPORTING, AND HANDLING AND DISPOSAL OF WASTE.

DISPOSAL METHODS: DISPOSE OF CONTAMINATED PRODUCT AND MATERIALS USED IN CLEANING UP SPILLS OR LEAKS IN A MANNER APPROVED FOR THIS MATERIAL. CONSULT APPROPRIATE FEDERAL, STATE AND LOCAL REGULATORY AGENCIES TO ASCERTAIN PROPER DISPOSAL PROCEDURES.

NOTE: EMPTY CONTAINERS CAN HAVE RESIDUES, GASES AND MISTS AND ARE
SUBJECT TO PROPER WASTE DISPOSAL, AS ABOVE.

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-----SPECIAL PRECAUTIONS-----

STORAGE AND HANDLING PRECAUTIONS: STORE IN A COOL, DRY, WELL-VENTILATED PLACE. STORE AWAY FROM ALL OTHER CHEMICALS AND POTENTIAL SOURCES OF CONTAMINATION. KEEP CONTAINER TIGHTLY CLOSED WHEN NOT IN USE. DO NOT USE PRESSURE TO EMPTY CONTAINER. WASH THOROUGHLY AFTER HANDLING. DO NOT GET IN EYES, ON SKIN, OR ON CLOTHING. DO NOT HEAT CLOSED CONTAINERS ABOVE 125 DEG. F.

REPAIR AND MAINTENANCE PRECAUTIONS: DO NOT CUT, GRIND, WELD, OR DRILL ON OR NEAR THIS CONTAINER.

OTHER PRECAUTIONS: VAPORS OF THIS PRODUCT ARE HEAVIER THAN AIR AND WILL COLLECT IN LOW PLACES, SUCH AS PITS OR DEGREASERS, OR OTHER POORLY VENTILATED AREAS. DO NOT ENTER PLACES WHERE VAPORS ARE SUSPECTED UNLESS SPECIAL RESPIRATORY PROTECTION IS WORN AND AN OBSERVER IS PRESENT.

OTHER PRECAUTIONS: CONTAINERS, EVEN THOSE THAT HAVE BEEN EMPTIED, WILL RETAIN PRODUCT RESIDUE AND VAPORS. ALWAYS OBEY HAZARD WARNINGS AND HANDLE EMPTY CONTAINERS AS IF THEY WERE FULL.

OTHER PRECAUTIONS: COMPONENTS OF THIS MIXTURE ARE VOLATILE AND WILL EVAPORATE IF THE CONTAINER IS LEFT OPEN OR IF IT IS STORED IN WARM PLACES. THIS WILL CHANGE THE COMPOSITION OF THIS MIXTURE AND THE RESULTING SOLUTION MAY NO LONGER BE SUITABLE FOR ITS INTENDED USE OR IT MAY HAVE DIFFERENT HAZARDOUS PROPERTIES THAN THOSE DESCRIBED HERE. OBSERVE THE STORAGE ADVICE TO MINIMIZE EVAPORATION.

-----FOR ADDITIONAL INFORMATION-----

CONTACT DOUGLAS EISNER, TECHNICAL DIRECTOR, VAN WATERS & ROGERS INC.
DURING BUSINESS HOURS, PACIFIC TIME (415)573-8000

-----NOTICE-----

VAN WATERS & ROGERS INC. ("VW&R") EXPRESSLY DISCLAIMS ALL EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE PRODUCT OR INFORMATION PROVIDED HEREIN.

ALL INFORMATION APPEARING HEREIN IS BASED UPON DATA OBTAINED FROM THE MANUFACTURER AND/OR RECOGNIZED TECHNICAL SOURCES. WHILE THE INFORMATION IS BELIEVED TO BE ACCURATE, VW&R MAKES NO REPRESENTATIONS AS TO

FREON

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ITS ACCURACY OR SUFFICIENCY. CONDITIONS OF USE ARE BEYOND VW&R'S CONTROL AND THEREFORE USERS ARE RESPONSIBLE TO VERIFY THIS DATA UNDER THEIR OWN OPERATING CONDITIONS TO DETERMINE WHETHER THE PRODUCT IS SUITABLE FOR THEIR PARTICULAR PURPOSES AND THEY ASSUME ALL RISKS OF THEIR USE, HANDLING, AND DISPOSAL OF THE PRODUCT, OR FROM THE PUBLICATION OR USE OF, OR RELIANCE UPON, INFORMATION CONTAINED HEREIN. THIS INFORMATION RELATES ONLY TO THE PRODUCT DESIGNATED HEREIN, AND DOES NOT RELATE TO ITS USE IN COMBINATION WITH ANY OTHER MATERIAL OR IN ANY OTHER PROCESS.

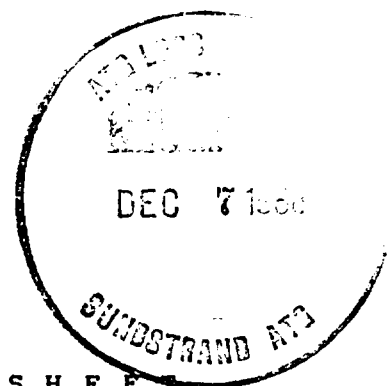
-----REVISION----- 00

06/86: ADDED CAS NO. OF COMPONENTS. CORRECTED VAPOR PRESSURE. ADDED NOTE TO PHYSICIAN AND EXPANDED INHALATION AND SWALLOWING HAZARDS. ADDED AGGRAVATED MEDICAL CONDITIONS. REPORTED COMPONENT TOXICITY DATA. REVISED PERSONAL PROTECTION AND FIRE/EXPLOSION INFORMATION. EXPANDED SPILL/LEAK PROCEDURES AND HANDLING ADVICE.

END OF MSDS

VIKING CHEMICAL COMPANY
1827 - 18th Ave.
P.O. Box 1595
Rockford, IL 61110

(815) 397-0500



M A T E R I A L S A F E T Y D A T A S H E E T

A. IDENTIFICATION AND EMERGENCY INFORMATION

PRODUCT NAME: Freon TF

CHEMICAL NAME: Halogenated Hydrocarbon

PRODUCT APPEARANCE/ODOR: Clear colorless liquid, mild odor

EMERGENCY TELEPHONE NUMBER:

CHEMTREC - 800-424-9300
VIKING CHEMICAL CO - 815-397-0500



B. COMPONENTS AND HAZARD INFORMATION

Hazard Components (Specific Chemical Identity) (Common name(s))	OSHA PEL	ACGIH TLV	Other Limits Recommended
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1,1,2-Trichloro	1000 ppm	1000 ppm	
1,2,2-Trifluorethane	1000 ppm	1000 ppm	

HMIS (Hazardous Materials Identification System)

Health	Flammability	Reactivity
N.D.	N.D.	N.D.

C. EMERGENCY AND FIRST AID PROCEDURES

EYE CONTACT

If splashed into the eyes, flush with clear water for 15 minutes or until irritation subsides lifting upper and lower lids occasionally. If irritation develops, call a physician.

SKIN CONTACT

In case of skin contact, remove any contaminated clothing and wash skin thoroughly with soap and water.

INHALATION

If affected, remove individual to fresh air. If breathing is difficult administer oxygen. If breathing has stopped give artificial respiration. Keep person warm, quiet and get medical attention. Do not give stimulants. Epinephrine or ephedrine may adversely affect the heart with a fatal result.

INGESTION

If ingested, drink large amounts of water. INDUCE VOMITING, and call a physician immediately.

D. FIRE AND EXPLOSION HAZARD INFORMATION

=====

FLASH POINT (minimum) N.A.

FLAMMABLE OR EXPLOSIVE LIMITS (APPROXIMATE PERCENT BY VOLUME IN AIR)

Estimated values: Lower Flammable Limit: N.A.
Upper Flammable Limit: N.A.

(NFPA) NATIONAL FIRE PROTECTION ASSOCIATION - HAZARD INFORMATION

Health	Flammability	Reactivity
N.D.	N.D.	N.D.

HANDLING PRECAUTIONS

Use product with caution around heat, sparks, pilot lights, static electricity, and open flame.

EXTINGUISHING MEDIA AND FIRE FIGHTING PROCEDURES

Foam, water spray (fog), dry chemical, carbon dioxide and vaporizing liquid type extinguishing agents may all be suitable for extinguishing fires involving this type of product, depending on size or potential size of fire or circumstances related to the situation.

The following procedures for this type of product are based on the recommendations in the National Fire Protection Association's "Fire Protection Guide on Hazardous Materials", Eighth Edition (1984):

Use water spray, dry chemical, foam or carbon dioxide. Use water to keep fire-exposed containers cool. If a leak or spill has not ignited, use water spray to disperse the vapors and to provide protection for men attempting to stop a leak.

Water spray may be used to flush spills away from exposures. Minimize breathing gases; vapor, fumes or decomposition products. Use supplied-air breathing equipment for enclosed or confined spaces or as otherwise specified.

DECOMPOSITION PRODUCTS UNDER FIRE CONDITIONS

Fume, smoke, carbon monoxide, aldehydes and other decomposition products, in the case of incomplete combustion.

'EMPTY' CONTAINER WARNING

'Empty' containers retain residue (liquid and/or vapor) and can be dangerous. All containers should be disposed of in an environmentally safe manner and in accordance with governmental regulations. For work on tanks refer to Occupational Safety and Health Administration regulations, ANSI Z49.1, and other governmental and industrial references pertaining to cleaning, repairing, welding, or other governmental and industrial contemplated operations. All hazard precautions given in the data sheet must be observed.

E. HEALTH AND HAZARD INFORMATION

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EFFECTS OF OVEREXPOSURE (signs and symptoms of exposure):

EYE CONTACT

May cause irritation.

SKIN CONTACT

Prolonged or repeated skin contact tends to remove skin oils which could lead to irritation and dermatitis.

SKIN ABSORPTION

Prolonged or repeated skin contact can cause moderate irritation, defatting and dermatitis.

INHALATION

High vapor concentrations (> 1000 ppm) may be irritating to the respiratory tract and could cause headaches, dizziness or other central nervous system effects.

INGESTION

May cause gastrointestinal irritation and large amounts may cause serious harm.

F. PHYSICAL DATA

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The following data are approximate or typical values and should not be used for precise design purposes.

BOILING RANGE > 117 deg. F.
(IBP Approximately by
ASTM D 2887)

VAPOR PRESSURE 334.00 mmHg
(@ 77 deg. F.)

SPECIFIC GRAVITY 1.565
(15.6 C / 15.6 C)

VAPOR DENSITY 6.5
(Air = 1)

EVAPORATION RATE .10
(Carbon Tetra-Cl = 1)

PERCENT VOLATILE 100
BY VOLUME

G. REACTIVITY

=====

This product is stable and will not react violently with water. Hazardous polymerization will not occur. Avoid contact with alkali metals, reactive metals such as aluminum and magnesium.

H. SPILL OR LEAK PROCEDURES

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STEPS TO BE TAKEN IN CASE MATERIAL IS RELEASED OR SPILLED

Recover free product. Add sand, earth or other suitable absorbent to spill area. Minimize skin contact. Eliminate all ignition sources (flares, flames including pilot lights, electrical sparks). Persons not wearing protective equipment should be excluded from area of spill until clean-up has been completed. Keep product out of sewers and water-cources by diking or impounding. Advise authorities if product has entered or may enter sewers, watercources, or extensive land areas. Assure conformity with applicable governmental regulations.

I. PROTECTION AND PRECAUTIONS

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VENTILATION

Use local exhaust to capture vapor, mists or fumes. If necessary, provide ventilation sufficient to prevent exceeding recommended exposure limit or buildup of explosive concentrations of vapor in air. Use explosion-proof equipment. No smoking or open lights.

RESPIRATORY PROTECTION

Use supplied-air respiratory protection in confined or enclosed spaces, if needed.

PROTECTIVE GLOVES

Use chemical-resistant gloves, if needed, to avoid prolonged or repeated skin contact.

EYE PROTECTION

Use splash goggles or face shield when eye contact may occur.

OTHER PROTECTIVE EQUIPMENT

Use chemical-resistant apron or other impervious clothing, if needed to avoid contaminating regular clothing which could result in prolonged or repeated skin contact.

WORK PRACTICES / ENGINEERING CONTROLS

Keep containers and storage containers closed when not in use. Do not store near heat, sparks, flame or strong oxidants.

PERSONAL HYGIENE

Minimize breathing vapor, mist or fumes. Avoid prolonged or repeated contact with skin. Remove contaminated clothing; launder or dry-clean before reuse. Remove contaminated shoes and thoroughly clean before reuse. Cleanse skin thoroughly after contact, before breaks and meals and at end of work period.

J. TRANSPORTATION INFORMATION

=====

TRANSPORTATION INCIDENT INFORMATION

For further information relative to spills resulting from transportation incidents, refer to latest Department of Transportation Emergency Response Guidebook for Hazardous Materials Incidents, DOT P 5800.3.

DOT IDENTIFICATION NUMBER

Not applicable.

K. ADDITIONAL INFORMATION

=====

None

THE INFORMATION HEREIN IS GIVEN IN GOOD FAITH
BUT NO WARRANTY, EXPRESSED OR IMPLIED IS MADE

prepared date: 6/23/87

VSR

N.A. (not applicable)

N.D. (not determined)

FREON

REVISION OF: 07/11/86

SUNDSTRAND AVIATION
ENVIRONMENTAL ANALYST

ORDER NO: 691W38356

P.O. BOX 7002
ROCKFORD

IL 61125



MCKESSON CHEMICAL COMPANY ONE POST STREET SAN FRANCISCO, CA 94104

-----EMERGENCY ASSISTANCE-----

FOR EMERGENCY ASSISTANCE INVOLVING CHEMICALS CALL CHEMTREC
(800) 424-9300.

-----FOR PRODUCT AND SALES INFORMATION-----

CONTACT YOUR LOCAL MCKESSON CHEMICAL COMPANY SERVICE CENTER

-----PRODUCT IDENTIFICATION-----

PRODUCT NAME: FREON (R) TMC
COMMON NAMES/SYNONYMS: AZEOTROPE OF
FREON (R) TF AND METHYLENE CHLORIDECAS NO.: AZEOTROPE
MCKESSON CODE: T1115FORMULA: C2 CL3 F3 / C H2 CL2
HAZARD RATING (NFFA 704)
HEALTH: 2
FIRE: 1
REACTIVITY: 0
SPECIAL: NONEDATE ISSUED: 06/86
SUPERCEDES: 02/86
HAZARD RATING SCALE:
0=MINIMAL 3=SERIOUS
1=SLIGHT 4=SEVERE
2=MODERATE

-----HAZARDOUS INGREDIENTS-----

COMPONENT	CAS NO.	%	EXPOSURE LIMITS, PPM			HAZARD
			OSHA PEL	ACGIH TLV	OTHER LIMIT	
FREON (R) TF (TRICHLOROTRI- FLUOROETHANE)	76-13-1	50	1000	1000	NONE	OSHA/ACGIH LIST
METHYLENE CHLORIDE	76-09-2	50	500	100	NONE	OSHA/ACGIH LIST

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(R) TRADEMARK OF DUPONT FOR ITS FLUOROCARBON COMPOUNDS

-----PHYSICAL PROPERTIES-----

BOILING POINT, DEG F: 97.7 VAPOR PRESSURE, MM HG/25 DEG C: 500
MELTING POINT, DEG F: -126 VAPOR DENSITY (AIR=1): 2.7
SPECIFIC GRAVITY (WATER=1): 1.42 WATER SOLUBILITY, %: NIL
APPEARANCE AND ODOR: CLEAR. EVAPORATION RATE (BUTYL ACETATE=1): >1
COLORLESS LIQUID; MILD ODOR

-----FIRST AID MEASURES-----

IF INHALED: REMOVE TO FRESH AIR. GIVE ARTIFICIAL RESPIRATION IF NOT BREATHING. GET IMMEDIATE MEDICAL ATTENTION.

IN CASE OF EYE CONTACT: IMMEDIATELY FLUSH EYES WITH LOTS OF RUNNING WATER FOR 15 MINUTES. LIFTING THE UPPER AND LOWER EYELIDS OCCASIONALLY. GET IMMEDIATE MEDICAL ATTENTION.

IN CASE OF SKIN CONTACT: IMMEDIATELY WASH SKIN WITH LOTS OF SOAP AND WATER. REMOVE CONTAMINATED CLOTHING AND SHOES; WASH BEFORE REUSE. GET MEDICAL ATTENTION IF IRRITATION PERSISTS AFTER WASHING.

IF SWALLOWED: DO NOT INDUCE VOMITING. IF CONSCIOUS, GIVE LOTS OF WATER OR MILK. GET IMMEDIATE MEDICAL ATTENTION. DO NOT GIVE ANYTHING BY MOUTH TO AN UNCONSCIOUS OR CONVULSING PERSON.

NOTE TO PHYSICIANS: BECAUSE OF POSSIBLE INCREASED RISK OF ELICITING CARDIAC DYSRHYTHMIAS, CATECHOLAMINE DRUGS, SUCH AS EPINEPHRINE, SHOULD BE CONSIDERED ONLY AS A LAST RESORT IN LIFE THREATENING EMERGENCIES.

-----HEALTH HAZARD INFORMATION-----

PRIMARY ROUTES OF EXPOSURE: INHALATION. SKIN OR EYE CONTACT.

SIGNS AND SYMPTOMS OF EXPOSURE

INHALATION: PROLONGED OR REPEATED EXPOSURE OR BREATHING VERY HIGH CONCENTRATIONS MAY CAUSE LIGHT-HEADEDNESS, GIDDINESS, SHORTNESS OF BREATH AND MAY LEAD TO NARCOSIS, CARDIAC IRREGULARITIES, UNCONSCIOUSNESS, OR DEATH. VAPORS ARE HEAVIER THAN AIR AND CAN CAUSE SUFFOCATION BY REDUCING OXYGEN AVAILABLE FOR BREATHING. IN SCREENING STUDIES WITH

FREON

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EXPERIMENTAL ANIMALS, EXPOSURE TO FREON (R) TF AT APPROXIMATELY 5000 PPM (V/V) AND ABOVE, FOLLOWED BY A LARGE INTRAVENOUS EPINEPHRINE CHALLENGE, HAS INDUCED SERIOUS CARDIAC IRREGULARITIES.

EYE CONTACT: LIQUID AND MIST MAY IRRITATE THE EYES.

SKIN CONTACT: NO IRRITATION IS LIKELY AFTER BRIEF CONTACT BUT MAY BE IRRITATING AFTER PROLONGED CONTACT.

SWALLOWED: SWALLOWING LARGE QUANTITIES MAY CAUSE NAUSEA AND VOMITING.

CHRONIC EFFECTS OF EXPOSURE: NO SPECIFIC INFORMATION AVAILABLE.

MEDICAL CONDITIONS GENERALLY AGGRAVATED BY EXPOSURE: CARDIOVASCULAR DISEASE.

-----TOXICITY DATA-----

NO DATA FOUND FOR FREON (R) TMC. HOWEVER, FOR FREON (R) TF, ITS MAJOR COMPONENT:

ORAL: RAT LD50 = 43 G/KG

DERMAL: RABBIT 500 MG ON OPEN SKIN CAUSED MILD IRRITATION

INHALATION: RAT LC50 = 52,000 PPM/4HR

FOR METHYLENE CHLORIDE, ANOTHER MAJOR COMPONENT OF THIS PRODUCT:

ORAL: RAT LD50 = 2524 MG/KG

DERMAL: RABBIT LD50 > 4640 MG/KG

INHALATION: HUMAN TCLO = 500 PPM/8HR
MOUSE LC50 = 14,400 PPM/7HR

CARCINOGENICITY: THIS MATERIAL IS NOT CONSIDERED TO BE A CARCINOGEN BY THE NATIONAL TOXICOLOGY PROGRAM, THE INTERNATIONAL AGENCY FOR RESEARCH ON CANCER, OR THE OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

OTHER DATA: A "HAZARD ALERT" ISSUED BY THE STATE OF CALIFORNIA DEPART-

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MENT OF HEALTH SERVICES REPORTS RECENT STUDIES SHOW THAT METHYLENE CHLORIDE, A COMPONENT OF THIS PRODUCT, CAUSES CANCER IN LABORATORY ANIMALS. THE IARC CARCINOGENIC DETERMINATION FOR METHYLENE CHLORIDE IS ANIMAL INDEFINITE. AN EPIDEMIOLOGICAL STUDY OF MALE HUMANS CONTINUALLY EXPOSED TO ESTIMATED TWA CONCENTRATIONS OF 30-125 PPM FOR UP TO 30 YEARS INDICATED NO INCREASE IN MORTALITY COMPARED TO THE GENERAL HUMAN MALE POPULATION.

-----PERSONAL PROTECTION-----

VENTILATION: LOCAL MECHANICAL EXHAUST VENTILATION CAPABLE OF MAINTAINING EMISSIONS AT THE POINT OF USE BELOW THE LOWEST PEL.

RESPIRATORY PROTECTION: WEAR A NIOSH-APPROVED SELF-CONTAINED BREATHING APPARATUS IN THE PRESSURE DEMAND MODE, OR A SUPPLIED-AIR RESPIRATOR IF USE CONDITIONS GENERATE VAPORS OR MISTS.

EYE PROTECTION: CHEMICAL GOGGLES UNLESS A FULL FACEPIECE RESPIRATOR IS ALSO WORN. IT IS GENERALLY RECOGNIZED THAT CONTACT LENSES SHOULD NOT BE WORN WHEN WORKING WITH CHEMICALS BECAUSE CONTACT LENSES MAY CONTRIBUTE TO THE SEVERITY OF AN EYE INJURY.

PROTECTIVE CLOTHING: LONG-SLEEVED SHIRT, TROUSERS, SAFETY SHOES, RUBBER GLOVES, AND RUBBER APRON.

OTHER PROTECTIVE MEASURES: AN EYEWASH AND SAFETY SHOWER SHOULD BE NEARBY AND READY FOR USE.

-----FIRE AND EXPLOSION INFORMATION-----

FLASH POINT, DEG F: NONE

FLAMMABLE LIMITS IN AIR, %

METHOD USED: N/A

LOWER: N/A UPPER: N/A

EXTINGUISHING MEDIA: THIS MATERIAL IS NOT COMBUSTIBLE. USE EXTINGUISHING MEDIA APPROPRIATE FOR SURROUNDING FIRE.

SPECIAL FIRE FIGHTING PROCEDURES: FIRE FIGHTERS SHOULD WEAR SELF-CONTAINED BREATHING APPARATUS AND FULL PROTECTIVE CLOTHING. USE WATER SPRAY TO COOL NEARBY CONTAINERS AND STRUCTURES EXPOSED TO FIRE.

UNUSUAL FIRE AND EXPLOSION HAZARDS: EXTINGUISH ALL NEARBY SOURCES OF IGNITION SINCE VAPORS DECOMPOSE TO HAZARDOUS PRODUCTS AT HIGH TEMPERATURES.

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-----HAZARDOUS REACTIVITY-----

STABILITY: STABLE POLYMERIZATION: WILL NOT OCCUR
CONDITIONS TO AVOID: OPEN FLAMES, WELDING ARCS, OR OTHER HIGH TEM-
PERATURE SOURCES WHICH MAY INDUCE THERMAL DECOMPOSITION.

MATERIALS TO AVOID: ALKALIS, OXIDIZING MATERIALS, WATER, AND MOIST AIR.
ALSO ALKALI OR ALKALINE EARTH METALS, POWDERED ALUMINUM OR ZINC.

HAZARDOUS DECOMPOSITION PRODUCTS: MAY LIBERATE CARBON MONOXIDE, CARBON
DIOXIDE, HYDROGEN CHLORIDE, CHLORINE, PHOSGENE, AND HYDROGEN FLUORIDE.

-----SPILL, LEAK, AND DISPOSAL PROCEDURES-----

ACTION TO TAKE FOR SPILLS OR LEAKS: WEAR PROTECTIVE EQUIPMENT INCLUDING
RUBBER BOOTS, RUBBER GLOVES, RUBBER APRON, AND A SELF-CONTAINED
BREATHING APPARATUS IN THE PRESSURE DEMAND MODE OR A SUPPLIED-AIR
RESPIRATOR. IF THE SPILL OR LEAK IS SMALL, A FULL FACEPIECE AIR-
PURIFYING CARTRIDGE RESPIRATOR EQUIPPED FOR ORGANIC VAPORS MAY BE
SATISFACTORY. IN ANY EVENT, ALWAYS WEAR EYE PROTECTION. EXTINGUISH ALL
IGNITION SOURCES. FOR SMALL SPILLS OR DRIPS, MOP OR WIPE UP AND DISPOSE
OF IN DOT-APPROVED WASTE CONTAINERS. FOR LARGE SPILLS, CONTAIN BY
DIKING WITH SOIL OR OTHER NON-COMBUSTIBLE SORBENT MATERIAL AND THEN
PUMP INTO DOT-APPROVED WASTE CONTAINERS; OR ABSORB WITH NON-COMBUSTIBLE
SORBENT MATERIAL AND PLACE RESIDUE IN DOT-APPROVED WASTE CONTAINERS.
KEEP OUT OF SEWERS, STORM DRAINS, SURFACE WATERS, AND SOIL.
COMPLY WITH ALL APPLICABLE GOVERNMENTAL REGULATIONS ON SPILL REPORTING,
AND HANDLING AND DISPOSAL OF WASTE.

DISPOSAL METHODS: DISPOSE OF CONTAMINATED PRODUCT AND MATERIALS USED
IN CLEANING UP SPILLS OR LEAKS IN A MANNER APPROVED FOR THIS MATERIAL.
CONSULT APPROPRIATE FEDERAL, STATE AND LOCAL REGULATORY AGENCIES TO
ASCERTAIN PROPER DISPOSAL PROCEDURES.

NOTE: EMPTY CONTAINERS CAN HAVE RESIDUES, GASES AND MISTS AND ARE
SUBJECT TO PROPER WASTE DISPOSAL. AS ABOVE.

-----SPECIAL PRECAUTIONS-----

STORAGE AND HANDLING PRECAUTIONS: STORE IN A COOL, DRY, WELL-VENTILATED
PLACE. STORE AWAY FROM ALL OTHER CHEMICALS AND POTENTIAL SOURCES OF
CONTAMINATION. KEEP CONTAINER TIGHTLY CLOSED WHEN NOT IN USE. DO NOT

FREON

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USE PRESSURE TO EMPTY CONTAINER. WASH THOROUGHLY AFTER HANDLING. DO NOT GET IN EYES, ON SKIN, OR ON CLOTHING. DO NOT HEAT CLOSED CONTAINER ABOVE 125 DEG F.

REPAIR AND MAINTENANCE PRECAUTIONS: DO NOT CUT, GRIND, WELD, OR DRILL ON OR NEAR THIS CONTAINER.

OTHER PRECAUTIONS: VAPORS OF THIS PRODUCT ARE HEAVIER THAN AIR AND WILL COLLECT IN LOW PLACES, SUCH AS PITS OR DEGREASERS, OR OTHER POORLY VENTILATED AREAS. DO NOT ENTER PLACES WHERE VAPORS ARE SUSPECTED UNLESS SPECIAL RESPIRATORY PROTECTION IS WORN AND AN OBSERVER IS PRESENT.

OTHER PRECAUTIONS: CONTAINERS, EVEN THOSE THAT HAVE BEEN EMPTIED, WILL RETAIN PRODUCT RESIDUE AND VAPORS. ALWAYS OBEY HAZARD WARNINGS AND HANDLE EMPTY CONTAINERS AS IF THEY WERE FULL.

-----FOR ADDITIONAL INFORMATION-----

CONTACT DOUGLAS EISNER, TECHNICAL DIRECTOR, MCKESSON CHEMICAL COMPANY
DURING BUSINESS HOURS, PACIFIC TIME (415)983-9214

-----NOTICE-----

ALL INFORMATION, RECOMMENDATIONS, AND SUGGESTIONS APPEARING HEREIN CONCERNING THIS PRODUCT ARE BASED UPON DATA OBTAINED FROM THE MANUFACTURER AND/OR RECOGNIZED TECHNICAL SOURCES; HOWEVER, MCKESSON CHEMICAL COMPANY ("MCC") MAKES NO WARRANTY, REPRESENTATION OR GUARANTY AS TO THE ACCURACY, SUFFICIENCY OR COMPLETENESS OF THE MATERIAL SET FORTH HEREIN. IT IS THE USER'S RESPONSIBILITY TO DETERMINE THE SAFETY, TOXICITY AND SUITABILITY OF HIS OWN USE, HANDLING AND DISPOSAL OF THE PRODUCT. ADDITIONAL PRODUCT LITERATURE MAY BE AVAILABLE UPON REQUEST. SINCE ACTUAL USE BY OTHERS IS BEYOND OUR CONTROL, NO WARRANTY, EXPRESS OR IMPLIED, IS MADE BY MCC AS TO THE EFFECTS OF SUCH USE, THE RESULTS TO BE OBTAINED OR THE SAFETY AND TOXICITY OF THE PRODUCT, NOR DOES MCC ASSUME ANY LIABILITY ARISING OUT OF USE BY OTHERS OF THE PRODUCT REFERRED TO HEREIN. THE DATA IN THIS MSDS RELATE ONLY TO THE SPECIFIC MATERIAL DESIGNATED HEREIN AND DO NOT RELATE TO USE IN COMBINATION WITH ANY OTHER MATERIAL OR IN ANY PROCESS.

-----REVISION----- 00

06/86: REVISED NFPA SIGNAL. REPORTED GAS NO. OF COMPONENTS AND CORRECT-

FREON

REVISION OF: 07/11/86

ED VAPOR PRESSURE. ADDED NOTE TO PHYSICIAN AND EXPANDED INHALATION HAZARDS. REVISED AGGRAVATED MEDICAL CONDITIONS, REPORTED TOXICITY DATA OF COMPONENTS AND ADDED METHYLENE CHLORIDE HAZARDS. REVISED PERSONAL PROTECTION AND FIRE/EXPLOSION INFORMATION. EXPANDED SPILL/LEAK PROCEDURES AND HANDLING ADVICE.

END OF MSDS

OK

Attachment 2

Response to 2(b), 2(c), 2(d)

RESPONSE TO 2(b), 2(c), 2(d)

PLANT 1, 2420 Harrison Avenue:

Manufactures aircraft parts, pumps and housings for constant speed drives.

- * Manufacturing processes that generated by-products or wastes:
Grinding, boring, lapping, plating, testing and assembly.
- * Maintenance processes that generated by-products or wastes:
Mopping, lubrication, oiling, machine repair and waste water treatment.
- * By-products and wastes generated by Plant 1:
Metal machining sludge, magnesium chips, chromic acid wastes, waste solvents (stoddard solvents and 1,1,1 trichloroethane), waste oils, jet fuels, waste water.

PLANT 6, 4747 Harrison Avenue:

Conducts testing, assembly and research & development of aerospace components.

- * Manufacturing processes that generated by-products or wastes:
Painting, cleaning, testing, assembly, grinding and lapping.
- * Maintenance processes that generated by-products or wastes:
Mopping, lubrication, oiling and machine repair.
- * By-products and wastes generated by Plant 6.
Jet fuels, waste oils, waste solvents, waste paints, machining sludge and waste water.

PLANT 10, 4450 Kishwaukee Street:

Manufactures printed wiring boards (PWB)

- * Manufacturing processes that generated by-products or wastes:
Building and plating of PWBs.
- * Maintenance processes that generated by-products or wastes:
Mopping, lubrication, oiling, machine repair and waste water treatment.
- * By-products and wastes generated by Plant 10:
Freon, chromic acid waste, waste solvents, waste oils and waste water.

PLANT 11, 4950 American Road:

Conducts all warranty repair of Sundstrand products except electronic parts.

* Manufacturing processes that generated by-products or wastes:
Boring, grinding, lathing and assembly.

* Maintenance processes that generated by-products or wastes:
Mopping, lubrication, oiling and machine repair.

* By-products and wastes generated by Plant 11:
Metal chips, waste oils, waste solvents, waste water.

HYDRAULICS/GRAPHIC ARTS, 2210 Harrison Avenue: This business was sold on April 19, 1984 to Suntec. Title to the property remains with Sundstrand.

Graphic Arts (to January 4, 1988) - Manufactured printed wiring boards and was the location of photo operations.

Hydraulics (to April 19, 1984) - Manufactured small fuel oil pumps.

* Manufacturing processes that generated by-products or wastes:
Graphic Arts (to January 4, 1988) - plating, film/photograph developing, type setting and lettering, video productions, printing.
Hydraulics (to April 19, 1984) - milling, grinding, lapping, heat treating, boring and degreasing.

* Maintenance processes that generated by-products or wastes:
Graphic Arts (to January 4, 1988) - mopping, oiling lubrication and machine repair.
Hydraulics (to April 19, 1984) - mopping, oiling, lubrication and machine repair.

* By-products and wastes generated by Hydraulics/Graphic Arts
Graphic Arts (to January 4, 1988) - Chromic acid wastes, Cyanide (from Rodium baths), photo baths, waste solvents, waste water, scrap film, ink.
Hydraulics (to April 19, 1984) - waste cutting oil, waste machine coolant, waste water and waste solvents.

PLANT 9, 4751 Harrison Avenue: (Personnel Building)

No Manufacturing is conducted at this plant.



SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended September 30, 1984

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No .

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at October 26, 1984</u>
Common Stock, par value \$1.00 per share	18,337,033



SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended June 30, 1984

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No .

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at July 27, 1984</u>
Common Stock, par value \$1.00 per share	18,336,873

(OK)

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1984

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No .

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at April 24, 1984</u>
Common Stock, par value \$1.00 per share	18,093,569

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) of
THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 1988

Commission file number 1-14444

SUNDSTRAND CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

36-1840610

(I.R.S. Employer
Identification No.)

4949 Harrison Avenue

P.O. Box 7003

Rockford, Illinois

(Address of principal executive offices)

61125-7003

(Zip Code)

Registrant's telephone number, including area code

(815) 226-6000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common stock—\$1 par value

Common stock purchase rights

Name of each exchange on which the common
stock and rights are registered

New York Stock Exchange

Midwest Stock Exchange

Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate value shall be computed by reference to the price at which the stock was sold, or the average bid and ask price of such stock, as of a specified date within 60 days prior to the date of filing.

\$979,421,471 as of March 6, 1989.*

*For purposes of this calculation only, without determining whether the following are affiliates of the Registrant, the Registrant has assumed that its directors, executive officers and consolidated trusts maintained in connection with the retirement plans of the Registrant and its Subsidiaries are affiliates.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

18,493,529 shares of common stock outstanding at March 6, 1989.

DOCUMENTS INCORPORATED BY REFERENCE.

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K into which each document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes.

Document

Portions of Registrant's Annual Report to Stockholders for the fiscal year ended December 31, 1988

Portions of Registrant's Proxy Statement for Annual Meeting of Stockholders to be held April 20, 1989

Form 10-K reference

Parts I and II; Part III, Item 10; and Part IV, Items 14 (a)(1) and (a)(2)

Part III, Items 10, 11, 12 and 13

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 1987

Commission file number 1-5358

SUNDSTRAND CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4949 Harrison Avenue
P.O. Box 7003
Rockford, Illinois
(Address of principal executive offices)

61125-7003
(Zip Code)

Registrant's telephone number, including area code

(815) 226-6000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common stock—\$1 par value
Common stock purchase rights

**Name of each exchange on which the common
stock and rights are registered**
New York Stock Exchange
Midwest Stock Exchange
Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing.

\$856,383,944 as of February 19, 1988.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

18,416,859 shares of common stock outstanding at February 19, 1988.

DOCUMENTS INCORPORATED BY REFERENCE.

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Document

Portions of Registrant's Annual Report to Stockholders for the fiscal year ended December 31, 1987

Portions of Registrant's Proxy Statement for Annual Meeting of Stockholders to be held April 21, 1988

Form 10-K reference

Part I and II; Part III, Item 10; and Part IV, Item 14 (a)(1) and (a)(2)

Part III, Items 10, 11, 12 and 13



**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 1986

Commission file number 1-5358

SUNDSTRAND CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

36-1840610

(I.R.S. Employer
Identification No.)

4751 Harrison Avenue

P.O. Box 7003

Rockford, Illinois

(Address of principal executive offices)

61125-7003

(Zip Code)

Registrant's telephone number, including area code

(815) 226-6000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common stock—\$1 par value
Common stock purchase rights

**Name of each exchange on which the common
stock and rights are registered**
New York Stock Exchange
Midwest Stock Exchange
Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing.

\$1,124,186,655 as of February 12, 1987.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

18,775,560 shares of common stock outstanding at February 12, 1987.

DOCUMENTS INCORPORATED BY REFERENCE.

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Document

Portions of Registrant's Annual Report to Stockholders for the fiscal year ended December 31, 1986

Portions of Registrant's Proxy Statement for Annual Meeting of Stockholders to be held April 16, 1987

Form 10-K reference

Part I and II; Part III, Item 10; and Part IV, Item 14 (a)(1) and (a)(2)

Part III, Items 10, 11, 12 and 13

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549



FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 1985

Commission file number 1-5358

SUNDSTRAND CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

36-1840610

(I.R.S. Employer
Identification No.)

4751 Harrison Avenue

P.O. Box 7003

Rockford, Illinois

(Address of principal executive offices)

61125

(Zip Code)

Registrant's telephone number, including area code

(815) 226-6000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common stock—\$1 par value

Name of each exchange on which registered

New York Stock Exchange

Midwest Stock Exchange

Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing.

\$1,080,323.956 as of February 17, 1986.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

18,671,035 shares of common stock outstanding at February 17, 1986.

DOCUMENTS INCORPORATED BY REFERENCE.

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Document

Portions of Registrant's Annual Report to Stockholders for the fiscal year ended December 31, 1985

Portions of Registrant's Proxy Statement for Annual Meeting of Stockholders to be held April 17, 1986

Form 10-K reference

Part I and II; Part III, Item 10; and Part IV, Item 14 (a)(1) and (a)(2)

Part III, Items 10, 11, 12 and 13

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549



FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 1984

Commission file number 1-5358

SUNDSTRAND CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

36-1840610

(I.R.S. Employer
Identification No.)

4751 Harrison Avenue

P.O. Box 7003

Rockford, Illinois

(Address of principal executive offices)

61125

(Zip Code)

Registrant's telephone number, including area code

(815) 226-6000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common stock—\$1 par value

Name of each exchange on which registered

New York Stock Exchange

Midwest Stock Exchange

Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing.

\$820,119,767 as of March 6, 1985.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

18,498,131 shares of common stock outstanding at March 6, 1985.

DOCUMENTS INCORPORATED BY REFERENCE.

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Document

Form 10-K reference

Portions of Registrant's Annual Report to Stockholders for the fiscal year ended December 31, 1984

Part I and II; Part III, Item 10; and Part IV, Item 14 (a)(1) and (a)(2)

Portions of Registrant's Proxy Statement for Annual Meeting of Stockholders to be held April 18, 1985

Part III, Items 10, 11, 12 and 13

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended September 30, 1988

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4949 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X. No ____.

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at October 24, 1988</u>
Common Stock, par value \$1.00 per share	18,483,609

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended June 30, 1988

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
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4949 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X. No ____.

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at July 22, 1988</u>
Common Stock, par value \$1.00 per share	18,479,609

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1988

Commission file number

Sundstrand Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

(I.
Ident

4949 Harrison Avenue, P.O. Box 7883, Rockford, Illinois

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months or for such shorter period as registrant was required to file such reports, and (2) has been subject to such filing requirements for the past 90 days.

Yes X . No .

Indicate the number of shares outstanding of each of registrant's common stock, as of the latest practicable date.

Class

Outstanding at

Common Stock, par value \$1.00 per share

18,4

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549



FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended September 30, 1987

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X . No .

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at October 23, 1987</u>
Common Stock, par value \$1.00 per share	18,769,660

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended June 30, 1987

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
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4751 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X. No ____.

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at July 23, 1987</u>
Common Stock, par value \$1.00 per share	18,769,660



SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1987

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X . No .

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at April 28, 1987</u>
Common Stock, par value \$1.00 per share	18,770,560



SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended September 30, 1986

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No .

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at October 24, 1986</u>
Common Stock, par value \$1.00 per share	18,759,676



SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended June 30, 1986

Commission file number 1-5358

Sundstrand Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

36-1840610

(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No .

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at July 21, 1986</u>
Common Stock, par value \$1.00 per share	18,921,507



SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1986

Commission file number 1-5358

Sundstrand Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

36-1840610

(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No .

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at April 22, 1986</u>
Common Stock, par value \$1.00 per share	18,724,245



SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended September 30, 1985

Commission file number 1-5358

Sundstrand Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

36-1840610

(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No .

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at October 24, 1985</u>
Common Stock, par value \$1.00 per share	18,612,763

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended June 30, 1985

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No .

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at July 23, 1985</u>
Common Stock, par value \$1.00 per share	18,447,149

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1985

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No .

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at April 22, 1984</u>
Common Stock, par value \$1.00 per share	18,495,535

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended September 30, 1984

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No .

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at October 26, 1984</u>
Common Stock, par value \$1.00 per share	18,337,033

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The information is set forth on pages 4 through 7 of Registrant's 1984 Third Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of operations and financial condition for the quarter and nine months ending September 30, 1984, as compared to operating results for the quarter and nine months ending September 30, 1983, and the balance sheet at December 31, 1983, are discussed below, and should be read in conjunction with the Annual Report on Form 10-K for 1983 and the financial data and commentary presented on pages 4 through 7 of Registrant's 1984 Third Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference therein).

Operating Results

Total sales for the third quarter of 1984 were \$257.0 million, up 16.2% from third quarter 1983 sales of \$221.2 million. This sales increase occurred in all business segments with the largest increase taking place in the aerospace segment. Improved demand for aerospace products sold to the military was the primary reason for this increase.

Pre-tax earnings of \$30.0 million for the third quarter of 1984 increased \$12.9 million (75.4%) from the 1983 third quarter results due to an increase in sales, partially offset by an increase in costs of products sold and marketing and administrative expenses. Also contributing to increased earnings was an improvement in gross margin between the 1984 and 1983 third quarters. Net earnings of \$17.4 million and earnings per share of \$.95 increased 64.1% and 63.8% respectively, for the third quarter of 1984 compared to the third quarter of 1983.

Sales for the first nine months of 1984 were \$734.9 million, an increase of \$67.2 million or 10.1% above the \$667.7 million for the first nine months of 1983. This increase was caused by increased sales in all of Registrant's business segments. Increased demand for hydrostatic transmission products sold to construction markets, for heat transfer surfaces and military aerospace products contributed significantly to the increase.

Unfilled orders increased from \$803.6 million to \$879.5 million during the first nine months of 1984. Aerospace orders increased \$80.5 million since the beginning of the year due primarily to strength in the military portion of the aerospace business.

Earnings before taxes of \$77.5 million for the first nine months increased \$29.5 million from the 1983 first nine months results.

Net earnings for the first nine months of 1984 were \$45.8 million, up 51.5% from the first nine months of 1983. Earnings per share for the first nine months of 1984 were \$2.51 compared to \$1.65 for the same period in the prior year.

On April 19, 1984, Registrant publicly announced 1984 forecasted sales to be \$1,020 million, an increase of 12.2% from 1983 sales of \$909.3 million. Earnings per share for 1984 are forecasted to be \$3.60 per share, an increase of 48.8% from 1983 earnings per share of \$2.42. Earnings are expected to strengthen in the fourth quarter of the year due primarily to the normal seasonal growth of Registrant's aerospace business.

Financial Condition

On September 30, 1984, cash and cash equivalents were \$64.4 million, an increase of \$48.4 million from December 31, 1983. Cash balances have been increased in anticipation of the completion of the acquisition of Sullair Corporation in mid-November. Registrant will acquire Sullair in exchange for payment by Registrant of \$8.50 in cash for each of Sullair's outstanding shares of Common Stock. The value of the transaction is approximately \$74 million for the 89.5% of Sullair stock not owned by Registrant.

Net funds provided by operating activities of \$90.4 million for the first nine months of 1984 were \$19.1 million lower than the first nine months of 1983. This decrease was primarily the result of higher inventories to support improved market conditions.

Net additions to property, plant and equipment were \$58.7 million for the first nine months of 1984 as compared to \$44.4 million for the same prior year period. Net additions to property, plant and equipment are expected to be about \$90 million during 1984 for new machinery and systems dedicated to reduction of manufacturing costs, quality enhancement, and improvement of asset turnover rates. Registrant expects to spend about \$100 million on research and development in order to maintain its competitive position and market leadership through product development. Net additions to property, plant, equipment and research and development expenditures are expected to be financed with presently available capital resources plus funds provided by operating activities.

In addition to dividends totaling \$1.35 per common share paid during the first nine months of 1984, Registrant has declared a fourth quarter dividend of \$.45 per share payable on December 12, 1984. Dividends paid represent 54% of after-tax earnings for the first nine months of 1984.

Favorable cash flow for Registrant continued during the third quarter and cash balances increased in anticipation of the Sullair acquisition. The ratio of total debt to total capital was 25.5% at September 30, 1984, up from 23.6% at year end 1983. During the fourth quarter Registrant is expected to issue privately to institutional investors, \$50 million of senior notes. Proceeds from the sale of the notes will be used for general corporate purposes, primarily the reduction of short-term debt. Registrant expects the consolidated debt to capital ratio to further rise to approximately 30% at year-end, 1984.

PART II - OTHER INFORMATION

Item 2. Changes in Securities

- (a) Not Applicable.
- (b) On September 27, 1984, Registrant entered into separate revolving credit/term loan agreements with eight banking institutions which make available revolving credit facility commitments which permit Registrant to borrow up to \$175 million during eight months of each year and up to \$350 million during the remaining four months of each year until August 31, 1987, and which allow Registrant to convert up to \$175 million of such borrowings on August 31, 1987, to three year term loans with equal quarterly principal amortization thereafter. Registrant simultaneously on September 27, 1984, terminated \$105 million in revolving credit facilities, \$82 million in annually committed short term facilities, and \$70 million in Bankers Acceptance facilities with various banking institutions.

The restrictive covenants of these revolving credit/term loan agreements do not materially change Registrant's most restrictive working capital restrictions or restrictions on payments to Registrant's security holders, except that Section 10.4 of each of these agreements provides that Registrant will not purchase, prepay, redeem or otherwise acquire for value any of its outstanding stock, or permit any subsidiary to do so, return any capital to Registrant's stockholders, or make any other distribution of Registrant's assets to its stockholders, and will not declare or pay any dividend (other than a dividend payable in stock of Registrant) on any outstanding stock of Registrant, if a proposed Stock Payment (any such purchase, prepayment, redemption, acquisition, return of capital, distribution or cash dividend being a "Stock Payment"), and all other Stock Payments theretofore made after December 31, 1983, would exceed in the aggregate an amount equal to (1) \$80,000,000, plus (2) 70% of the consolidated net income of Registrant and its subsidiaries for each fiscal year commencing after December 31, 1983, and ending prior to such Stock Payment, minus (3) 100% of the consolidated net loss of Registrant and its subsidiaries for each fiscal year commencing after December 31, 1983, and ending prior to such Stock Payment, plus (4) the net cash proceeds from the issuance, sale or other disposition of any shares of any class of Registrant's stock subsequent to December 31, 1983.

As of September 30, 1984, under the most restrictive of all loan agreements, \$87,400,000 of consolidated retained earnings were free of restrictions as to Stock Payments.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

Exhibit (4) Substantially identical Credit Agreements dated August 31, 1984 between Registrant and various banking institutions.

Exhibit (19a) Amendments dated October 5, 1984 to Note Agreement of Registrant dated November 18, 1975.

Exhibit (19b) Amendment dated October 1984 to Note Agreement of Registrant dated January 18, 1980.

Exhibit (20) 1984 Third Quarter Results

- (b) No report on Form 8-K has been filed during the quarter ended September 30, 1984.

Schedule to Exhibit (4)

Omitted herefrom are the title page, table of contents and pages 2 through 45 of substantially identical Credit Agreements which were entered into between Registrant and the other various banking institutions. Attached are the first and last pages of each of these Credit Agreements and the Additional Terms to each of such Credit Agreements with these banking institutions as follows:

- 4 (i) Bankers Trust Company
- 4 (ii) First National Bank of Chicago
- 4 (iii) The Bank of Nova Scotia
- 4 (iv) Bank of America National Trust and Savings Association
- 4 (v) Security Pacific National Bank
- 4 (vi) Mellon Bank, N.A.
- 4 (vii) M & I Marshall & Isley Bank

Reference should be made to the title page, table of contents and pages 2 through 45 of the Credit Agreement with Morgan Guaranty Trust Company of New York to determine the terms of each of such additional Credit Agreements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Sundstrand Corporation
(Registrant)

Date November 14, 1984

/s/ Ted Ross
Ted Ross
Vice President of Finance and Secretary

Date November 14, 1984

/s/ A. Adrian Kemper
A. Adrian Kemper
Controller



SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended June 30, 1984

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No .

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at July 27, 1984</u>
Common Stock, par value \$1.00 per share	18,336,873

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The information is set forth on pages 4 through 7 of Registrant's 1984 Second Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of operations and financial condition for the quarter and six months ending June 30, 1984, as compared to operating results for the quarter and six months ending June 30, 1983, and the balance sheet at December 31, 1983, are discussed below, and should be read in conjunction with the Annual Report on Form 10-K for 1983 and the financial data and commentary presented on pages 4 through 7 of Registrant's 1984 Second Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Operating Results

Total sales for the second quarter of 1984 were \$244.2 million, up 9.2% from second quarter 1983 sales of \$223.7 million. This sales increase occurred in all three business segments with the largest increase taking place in the Power Transmission segment. Improved demand for products sold to construction and industrial markets caused this increase.

Pre-tax earnings of \$26.5 million for the second quarter of 1984 increased \$9.7 million from the 1983 second quarter results due to an increase in sales, partially offset by an increase in cost of products sold and marketing and administration expenses. Also contributing to increased earnings was an improvement in gross margins between the 1984 and 1983 second quarters. Net earnings of \$15.6 million and earnings per share of \$.86 increased 53.6% and 56.4% respectively, for the second quarter of 1984 compared to the second quarter of 1983.

Sales for the first six months of 1984 were \$477.9 million, an increase of \$31.4 million or 7.0% above the \$446.5 million for the first six months of 1983. This increase was caused by increased sales in all three of Registrant's business segments. Increased demand for hydrostatic transmission products sold to construction markets and for heat transfer surfaces contributed significantly to the increase.

Unfilled orders increased from \$803.6 million to \$847.7 million during the first six months of 1984. Aerospace orders increased \$39.6 million since the beginning of the year due primarily to strength in the electronics portion of the aerospace business. Aerospace orders also increased as a result of completing the acquisition of Wulfsberg Electronics, Inc. Unfilled orders in the Power Transmission segment have increased \$5.4 million from the beginning of the year primarily due to increased demand for hydrostatic transmissions.

Earnings before taxes of \$47.6 million for the first six months increased \$16.6 million from the 1983 first six month results. This increase in earnings was due to the continued improvement in the economy and its effect on the Registrant's industrial markets in addition to improved profit margins in the Power Transmission and Fluid and Heat Transfer segments.

Net earnings for the first six months of 1984 were \$28.4 million, up 44.9% from the first six months of 1983. Earnings per share for the first six months of 1984 were \$1.56 compared to \$1.07 for the same period in the prior year.

On April 19, 1984, the Registrant publicly announced 1984 forecasted sales to be \$1,020 million, an increase of 12.2% from 1983 sales of \$909.3 million. Earnings per share for 1984 are forecasted to be \$3.60 per share, an increase of 48.8% from 1983 earnings per share of \$2.42. Results for the first six months of 1984 were consistent with this forecast. Improved market conditions and profit margins within the Registrant's non-aerospace businesses and continued growth for military aerospace are the principal reasons 1984 is expected to be a better year than 1983.

Financial Condition

On June 30, 1984, cash and cash equivalents were \$28.4 million, an increase of \$12.4 million from December 31, 1983.

Net funds provided by operating activities of \$68.7 million for the first six months of 1984 were \$11.0 million lower than the first six months of 1983. This decrease was primarily the result of higher inventories to support improved market conditions.

Net additions to property, plant, and equipment were \$37.2 million for the first six months of 1984 as compared to \$29.8 million for the same prior year period. Net additions to property, plant, and equipment are expected to be about \$90 million during 1984 for new machinery and systems dedicated to reduction of manufacturing costs, quality enhancement, and improvement of asset turnover rates. The Registrant expects to spend about \$98 million on research and development in order to maintain its competitive position and market leadership through technological product development. Net additions to property, plant, equipment and research and development expenditures are expected to be financed with presently available capital resources plus funds provided by operating activities.

In addition to dividends totaling \$.90 per common share paid during the first half of 1984 the Registrant has declared a third quarter dividend of \$.45 per share payable on September 20, 1984. Dividends paid represent 58% of after-tax earnings for the first six months of 1984.

In July, the Registrant and Sullair Corporation entered into an agreement providing for the acquisition of Sullair by the Registrant in exchange for payment by the Registrant of \$8.50 in cash for each of Sullair's outstanding shares of Common Stock. The value of the transaction is approximately \$74 million for the 89.5% of Sullair stock not owned by the Registrant.

Favorable cash flow for the Registrant continued during the second quarter resulting in a ratio of total debt to total capital of 22.7% on June 30, 1984, as compared to 23.6% at year end 1983. With the anticipated acquisition of Sullair Corporation, the Registrant expects the consolidated total debt to total capital ratio to rise to approximately 30% at year-end, 1984.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

Exhibit (2)

Acquisition Agreement dated as of July 16, 1984 among Sullair Corporation, Registrant and SNS Merging Corporation (a wholly owned subsidiary of Registrant formed for the purpose of merging into Sullair), and the related Merger Agreement filed herewith as Exhibit 1 to the acquisition Agreement.

Exhibit (20) 1984 Second Quarter Results

(b) No report on Form 8-K has been filed during the quarter ended June 30, 1984.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Sundstrand Corporation
(Registrant)

Date August 13, 1984

/s/ Ted Ross
Ted Ross
Vice President of Finance and Secretary

Date August 13, 1984

/s/ A. Adrian Kemper
A. Adrian Kemper
Controller

ACQUISITION AGREEMENT

THIS ACQUISITION AGREEMENT ("Agreement") made as of July 16, 1984, among SULLAIR CORPORATION, an Indiana corporation ("Sullair"), SUNDSTRAND CORPORATION, a Delaware corporation ("Sundstrand"), and SNS MERGING CORPORATION, a Delaware corporation and a wholly owned subsidiary of Sundstrand ("SMC"). The term "Company", as used herein, shall refer to Sullair, its consolidated subsidiaries for financial reporting purposes, and Sullair Finance Corporation taken as a whole.

In consideration of the mutual covenants and undertakings hereinafter contained, the parties hereto agree as follows:

ARTICLE I

THE MERGER

1.01 This Agreement and the Agreement of Merger attached hereto as Exhibit 1 (the "Merger Agreement") provide for the merger (the "Merger") of SMC with and into Sullair, whereby it is contemplated that each outstanding Common Share of Sullair, other than the 1,022,500 shares owned by Sundstrand, will be converted into the right to receive \$8.50 in cash. The Merger Agreement provides for the terms of the Merger, the mode of carrying the same into effect, the manner of converting the Common Shares of Sullair into the right to receive cash and of converting the shares of SMC into shares of the Surviving Corporation, and certain other matters.

ARTICLE II

CLOSING; EFFECTIVE DATE

2.01 Subject to the provisions of this Agreement, the Merger of SMC with and into Sullair shall be effected upon the

filing of a certificate of merger with the Secretary of State of Delaware and articles of merger with the Secretary of State of Indiana in the manner provided by the corporation statutes of the States of Delaware and Indiana, not later than five (5) business days after all appropriate corporate action to approve the Merger has been taken, or such later date agreed to in writing by the parties, but in no event later than November 30, 1984 (the "Closing Date"). The date of such filing shall be the "Effective Date" for all purposes of this Agreement. Subject to the provisions hereof, on the Closing Date the parties will exchange the various documents required to satisfy the conditions of their respective obligations hereunder (the foregoing in this sentence being sometimes referred to as the "Closing"). The Closing herein provided shall take place at 10:00 a.m., Central time, on the Closing Date at the offices of Sundstrand Corporation, 4751 Harrison Avenue, Rockford, Illinois 61125 or at such other time or place as the parties may agree.

ARTICLE III

COVENANTS, REPRESENTATIONS AND WARRANTIES OF SULLAIR

Sullair covenants, represents and warrants with and to Sundstrand and SMC as follows:

3.01 Corporate Organization, Etc. Sullair is (i) a corporation duly organized, validly existing and in good standing under the laws of the State of Indiana, (ii) duly authorized under its Articles of Incorporation and under applicable laws to engage in the business conducted by it, and (iii) duly qualified and in good standing to do business in each jurisdiction where the character of its properties or the nature of its business makes such qualification necessary and where the failure to qualify could have a material adverse affect on the business or properties of Sullair.

3.02 Capital Stock. The authorized capital stock of Sullair consists of 25,000,000 Common Shares, without par value, 500,000 shares of Class A Preferred Stock, without par value, and 500,000 shares of Class B Preferred Stock, without par value. 9,698,980 Common Shares and no shares of Class A Preferred Stock or Class B Preferred Stock are issued and outstanding as of the date of this Agreement, all of which Common Shares have been duly and validly issued and are fully paid and non-assessable. No shares are held in the treasury of Sullair. There are no outstanding rights to purchase or receive, or options, warrants, puts, calls, contracts, commitments or demands of any character relating to Sullair's authorized or issued capital stock, except as set forth in Schedule 1 attached hereto.

3.03 Authorization, Etc. This Agreement and the Merger Agreement, the execution and delivery hereof and thereof by Sullair, the merger of SMC with and into Sullair and the performance by Sullair of its obligations and undertakings hereunder and under the Merger Agreement have been duly authorized and approved by its Board of Directors subject to reapproval by its Board of Directors following approval by its shareholders. True and complete copies of all corporate proceedings and documents effecting such authorizations and approvals, certified by the Secretary of Sullair, will be furnished to Sundstrand and SMC prior to the Closing. The execution of this Agreement and the Merger Agreement and the consummation of the transactions contemplated hereby and thereby will not result in a violation by Sullair of the provisions of its Articles of Incorporation or by-laws (true and complete copies thereof, the Articles of Incorporation certified by the Secretary of State of Indiana and the by-laws certified by the Secretary of Sullair, having been heretofore furnished by Sullair to Sundstrand), the provisions of any obligation, indenture,

agreement or other instrument to which the Company is a party, any order, decree, or judgment of any court or governmental agency having jurisdiction over the Company, or the laws of the State of Indiana, or other laws as may be applicable, except as set forth in Schedule 2 attached hereto.

3.04 Subsidiaries. Schedule 3 attached hereto sets forth a true and complete list of all subsidiaries (the "Subsidiaries") and affiliates of Sullair at June 29, 1984, setting forth the percentage of voting shares of each such company owned by Sullair, total sales for the last fiscal year for each such company, total assets for each such company as of the end of its last fiscal year, and the jurisdiction of its incorporation. Each Subsidiary is (i) a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, (ii) duly authorized under its charter and under applicable laws to engage in the business conducted by it, and (iii) duly qualified and in good standing to do business in each jurisdiction where the character of its business makes such qualification necessary and where the failure to qualify could have a material adverse affect on its business or properties.

3.05 Financial Statements. Sullair has delivered to Sundstrand copies of the consolidated balance sheet of Sullair and its consolidated subsidiaries as of December 31, 1983 and related consolidated statements of income, shareholders' interest and changes in financial position for the year then ended, all as contained in Sullair's Annual Report on Form 10-K for the year ended December 31, 1983, which have been reported on by Arthur Andersen & Co., independent certified public accountants, and the unaudited consolidated condensed balance sheet of Sullair and its consolidated subsidiaries as of March 31, 1984 and the unaudited related consolidated condensed statements of income, share-

holders' interest and changes in financial position for the three months then ended. Such financial statements for the year ended December 31, 1983 (together with the notes thereto) have been prepared in conformity with generally accepted accounting principles applied on a consistent basis, except as otherwise indicated in such statements. Such financial statements for the year ended December 31, 1983 and the three months ended March 31, 1984 present fairly the consolidated financial position of Sullair and its consolidated subsidiaries at such dates and the consolidated results of their operations and changes in their consolidated financial position for the respective periods ended on such dates (subject, in the case of such unaudited statements, to any normal adjustments which might arise in connection with a fiscal year-end audit of such statements). The consolidated condensed balance sheet of Sullair and its consolidated subsidiaries as of March 31, 1984, together with the footnotes thereto or referred to therein, is referred to in this Agreement as the "Balance Sheet." Since March 31, 1984, there has been no material adverse change in the business, assets, liabilities or financial condition of Sullair.

3.06 No Undisclosed Liabilities, Etc. Except as permitted herein, except to the extent shown on the Balance Sheet and except as heretofore disclosed in writing by Sullair to Sundstrand and SMC, as of March 31, 1984, the Company did not, and at the Closing will not, have any liabilities or obligations of any nature, whether accrued, absolute, contingent or otherwise, which can reasonably be expected to have a material adverse affect on the business and properties of the Company, except liabilities or obligations arising out of transactions in the ordinary course of its business between March 31, 1984 and the Closing.

3.07 Title to Properties, Etc. The Company now has, and at the Closing will have, good and merchantable title to all assets reflected on the Balance Sheet, or acquired by it after March 31, 1984, free and clear of all liens, leases, claims, mortgages, pledges, charges or other encumbrances except: (i) to the extent reflected or reserved against on the Balance Sheet, (ii) for liens for taxes not yet due, (iii) for liens incurred in the ordinary course of business for obligations not yet due, or (iv) as disclosed in Schedule 4 attached hereto. All inventories of the Company at March 31, 1984 are reflected on the Balance Sheet, are valued at the lower of cost (determined on a "FIFO" basis except as otherwise disclosed in writing to Sundstrand and SMC) or market, are generally of good and merchantable quality, and except as set forth on Schedule 5 attached hereto are generally saleable and usable for the purpose for which the same were intended and meet current specifications and standards of the Company and its customers or are in the normal process of being put in such condition.

3.08 Accounting Controls. The Company maintains adequate accounting controls and maintains an internal audit program which, in part, is designed to insure that such accounting controls are adequate, properly applied and strictly adhered to.

3.09 Schedules of Properties, Contracts and Other Data. Sullair has delivered to Sundstrand and SMC the schedules described in the following sub-sections of this Section 3.09, each certified as being accurate as of the respective dates shown on the schedules but in no event earlier than June 29, 1984 by the Secretary of Sullair. Each such schedule sets forth, respectively, the matters described in the following sub-sections. Sullair will make available to Sundstrand and SMC the original (or true and complete copies thereof) of the

documents described in the following sub-sections of this Section 3.09 and, upon request of Sundstrand or SMC, will provide full and complete copies thereof and details concerning any matters referred to therein:

(i) Sullair has delivered a schedule (Schedule 6) of all real property of the Company owned, leased or subject to a contract of purchase or lease commitment, which is material to the continued operations of the Company's business, with a brief description of the location of all buildings and structures located thereon and upon request of Sundstrand or SMC will provide a copy of each related contract or lease (with amendments) and records showing details as to gross and net book values and depreciation taken thereon. All buildings and structures owned or leased by the Company and the equipment therein are now, and at the Closing will be, in good operating condition and repair and fit for the uses for which they are intended and in material conformity with all applicable building codes and zoning ordinances. All certificates, licenses and permits which are required for the lawful use and occupancy of the premises used by the Company and which will be required to continue to conduct the Company's business from such premises after the Closing shall have been obtained and shall be in full force and effect on the Closing, except where the failure to obtain such certificates, licenses or permits do not have a material adverse affect on the business or properties of the Company.

(ii) Sullair has delivered a schedule (Schedule 7) of all letters patent, patent applications, inventions upon which patent applications have not yet been filed, copyrights, trademarks, service marks, trademark and service mark registrations and applications therefor, and trade,

assumed and divisional names owned in whole or in part or used by the Company or, to Sullair's best knowledge, for the conduct of its business and all material license agreements, research and development agreements and technical assistance, know-how or engineering consulting agreements, and employee agreements regarding inventions and copyrights, to which the Company is a party, and any pending or, to the best of Sullair's knowledge, threatened claims, actions, causes of action, suits, proceedings or demands of any nature, whether accrued, absolute, contingent or otherwise, regarding any of the foregoing, together with copies of all agreements and documents relating thereto. Except as indicated in Schedule 7, to the best of Sullair's knowledge, neither the validity of nor the Company's rights under any of the items listed on Schedule 4 is being contested by others.

(iii) Sullair has delivered a schedule (Schedule 8) of all risk financing programs in force, including all insurance contracts and self-insurance programs with respect to the Company, all of which are in full force and effect (and until the Closing will continue to be renewed and/or maintained so as to be in full force and effect at that time). Except as indicated on Schedule 8, since January 1, 1981, the Company has not had any insurance coverage or contract cancelled or denied.

(iv) Sullair has delivered a schedule (Schedule 9) of all agreements to which the Company is a party or by which it is bound (except those referred to in other schedules furnished hereunder) which involve future payments by or to it of more than \$250,000 and which extend one year or more beyond the date of such schedule, and of all notes, mortgages, pledges, deeds of trust, industrial revenue bond security agreements, guarantees,

security, loan or credit agreements and lines of credit and outstanding borrowings thereunder relating to indebtedness for borrowed money of the Company, and all material distributorship, sales representative, and other similar agreements or arrangements (whether oral or written) together with copies of all such agreements and contracts (or a written summary with respect to oral agreements) as Sundstrand or SMC may reasonably request.

(v) Sullair has delivered a schedule (Schedule 10) of the name and address of each bank in which the Company has an account or safety deposit box, the designation of such account and the names of all persons authorized to draw thereon or enter therein, as may be the case.

(vi) Sullair has delivered a schedule (Schedule 11) which, to the best of its knowledge, lists any and all liabilities, claims, actions, causes of action, suits, proceedings, demands, investigations or inspections of any kind, pending or, to the best of its knowledge, threatened against or affecting the Company or any of its properties or rights in any court or before any governmental authority. To the best of Sullair's knowledge and except for conditions generally affecting the industries in which the Company operates, there is no event or condition of any character pertaining to the business, properties or rights of the Company which is expected to materially adversely affect such business, properties and rights except as heretofore disclosed in writing to Sundstrand as such an event or condition; and, except as heretofore disclosed in writing to Sundstrand, to the best of Sullair's knowledge, the Company is not in default with respect to any applicable law or regulation

or any order of any court or governmental authority, including, without limiting the foregoing, laws and regulations concerning environmental protection, occupational safety and health, non-discrimination in employment and collective bargaining, except for defaults not reasonably expected to have a material adverse affect on the Company. Sullair has not received any notice of violation of nor, to the best of its knowledge, is the Company violating any trademark, copyright, trade secret, patent or other rights owned by any other person, firm or corporation. Upon request, Sullair will furnish Sundstrand with full information concerning matters referred to in Schedule 11 or in this sub-section (vi) of this Section 3.09. Also, to the best of Sullair's knowledge, included on Schedule 11 is a complete list of all claims, actions, causes of action, suits, proceedings, demands and judgments, except routine warranty claims (whether or not resulting in litigation) brought or made by a third party since December 31, 1982, existing as of such date, or settled since such date, in which a defect in a product manufactured or sold by the Company was alleged and with respect to each such claims, action, cause of action, suit, proceeding or demand, the disposition thereof is shown including an indication as to the amount of any payments made to resolve or settle such claim, action, cause of action, suit, proceeding or demand, and with respect to each such judgment, a description thereof is provided including an indication as to the amount of any payments made.

(vii) Sullair has delivered a schedule (Schedule 12) of all bonus, stock option, employee stock ownership, incentive compensation, profit sharing, defined-contribution retirement, defined benefit retirement,

group insurance, individual insurance, death benefit or other fringe benefit plans or trust agreements of the Company and the names and ages of all retired or terminated employees of the Company whose retirement or termination benefits, including health care, life insurance or other benefits, are unfunded and which are not provided under any plan listed on Schedule 12 and their current annual or monthly unfunded retirement benefit rates or amounts, the most recent summary plan description for each retirement and welfare benefit plan, and a statement of the amount of unfunded liability of each such plan, the actuarial assumptions with respect to the interest rate, mortality, turnover, disability, salary increases, expenses and normal retirement age used in arriving at the degree of funding, and the amount of unrealized capital gain, if any, existing in the portfolio of securities constituting the corpus of each trust account maintained in connection with a fringe benefit plan and a statement as to whether such unrealized capital gain is included in determining the degree of funding of such fringe-benefit plan.

(viii) Sullair has delivered a schedule (Schedule 13) of the names and compensations (as of May 31, 1984), including bonuses, of all present officers and salaried employees of the Company whose annual base salary as of such date was \$50,000 or more and except as set forth on said Schedule 13 there have been no changes in said base salary since May 31, 1984.

(ix) Sullair has delivered a schedule (Schedule 14) of all collective bargaining agreements to which the Company is now a party or has been a party at any time preceding the date of this Agreement, all consulting agreements and

all employment and compensation agreements which may not be terminated by it on thirty (30) days notice, other than those listed in any other schedule, with officers or other employees of the Company, together with a copy, or in the case of any oral agreement, a summary, of each such agreement.

(x) Sullair has delivered a schedule (Schedule 15) which lists with expiration dates any and all permits issued by any regulatory or administrative agency of the government of the United States or any state or local government relating to environmental matters, including but not limited to, air emissions, liquid discharges and disposal, solid waste disposal and the generation and disposal of hazardous substances. To the best of Sullair's knowledge and except where the business and properties of the Company are not materially affected, the permits listed on Schedule 15 are all of the permits relating to the environment which are necessary for the conduct of the Company's business from its facilities, all such permits are in full force and effect, the Company has not violated any of such permits, the Company has maintained all records and made all reports required under such permits, and there are no capital or other expenditures, except nominal recurring monitoring and reporting costs, required to comply with any of such permits in the future. Included on Schedule 15 is a list of all hazardous substances used by the Company in the conduct of its business since December 31, 1982 and a list of the methods presently used by the Company (including a list of past and present disposal sites and reclaimers and recyclers and the specific hazardous waste sent to each) to dispose of hazardous substances generated by the Company. Except as disclosed on

Schedule 15, there is no condition or circumstance with respect to the environment and pertaining to the business or properties of the Company which has given rise or, to Sullair's knowledge, will give rise to any claim, action or proceeding by any person, firm, corporation or government, or any regulatory or administrative agency thereof with respect to environmental matters. To the best knowledge of Sullair, all environmental audits conducted and audit reports prepared whether by the Company or some other party on behalf of the Company or by any government, or any regulatory or administrative agency thereof, are listed on Schedule 15, along with any and all citations, orders and decrees entered against the Company by any government, or any regulatory or administrative agency thereof. To the best knowledge of Sullair, except as disclosed on Schedule 15, all of the Company's disposal practices relating to hazardous substances have been accomplished in accordance with all applicable federal and state laws, the Company has not been notified of any potential liability with respect to the clean up of any waste disposal site at which it has disposed of any hazardous substances, and the Company does not have any information to the effect that any site at which it has disposed of hazardous substances has been or is under investigation by any government, or regulatory or administrative agency thereof. For purposes of this subsection (x) of Section 3.09 the term "hazardous substance" shall have the same definition as such term is defined in Section 101(14) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980.

(xi) Schedule 16 is an accounts receivable aging schedule as of March 31, 1984 which Sullair agrees to

update upon the request of Sundstrand or SMC. "Accounts Receivable" are to include all accounts and notes receivable existing for any reason including those which have been discounted or otherwise sold to third parties and for which a right of recourse, holdback provision, or other contingent liability exists.

(xii) Except as heretofore disclosed in writing by Sullair to Sundstrand and SMC, the Company is not now, and, on the Closing will not be, in default on any obligation to be performed by it under any lease, contract, plan or other arrangement reflected in such Schedules, nor, to the best of Sullair's knowledge, will there have occurred any event which with notice or passage of time, or both, could become a default thereunder.

3.10 No Violations. To the best of Sullair's knowledge, the Company is in material compliance with all federal and state laws respecting employment and employment practices, terms and conditions of employment, and wages and hours, and there are no pending or, to the best of Sullair's knowledge, threatened labor strikes or arbitration proceedings involving the Company regarding labor matters. There are no unfair labor practice complaints against the Company pending or, to the best of Sullair's knowledge, threatened to be filed with the National Labor Relations Board and there are no union representation elections pending.

3.11 Employee Benefits. All material obligations of the Company, whether arising by operation of law, or by contract, for payments by the Company directly to its employees or to trust or other funds or to any governmental agency, for unemployment compensation benefits, workers compensation benefits, accident,

sickness and disability benefits, pension, profit sharing and any other retirement benefits, social security benefits, vacation and holiday pay, bonuses and other forms of compensation, or any other benefits, have been paid, are fully covered by insurance or adequate accruals therefor have been made on the Balance Sheet.

3.12 Tax Matters. All tax returns required to be filed by the Company to the date hereof with the United States of America and to Sullair's best knowledge with state and local government and foreign governments have been timely filed and all such tax returns required to be filed hereafter to the Closing will be timely filed; no application for extension of time for filing any tax return or consent to any extension of the period of limitations applicable to the assessment or collection of any tax will be made by the Company after the date hereof without notifying Sundstrand. Sullair will make available to Sundstrand copies of all federal, state, local and foreign tax returns filed by the Company since January 1, 1978 together with all related schedules, workpapers, elections, tax depreciation schedules and the like which were used in the preparation of each such tax return. The federal income tax returns of the Company have been audited by the Internal Revenue Service through the return for the year ended December 31, 1977. Copies of the two most recent audit reports will be made available to Sundstrand. Except as disclosed in writing by Sullair to Sundstrand prior to the date of this Agreement, no waivers of statutes of limitations have been signed. Sundstrand will be furnished true and complete copies of all federal income tax returns filed by the Company after the date hereof. All income tax returns filed by the Company are accurate and complete and no material liability for back taxes or other deficiencies will arise therefrom or with respect thereto. The term "material liability" as used in the immediately preceding sentence shall mean an ultimate final determination resulting in an increase in taxes (exclusive of any

deficiencies arising due to timing differences) which exceeds the greater of 10% of the tax shown as due on the return as originally filed by the Company or \$100,000.

3.13 Non-Infringement of Rights of Others. To the best knowledge of Sullair, there are no patents, agreements, rights of others or governmental actions which are reasonably expected to interfere with the continuation of the Company's business after the Closing.

3.14 Unfilled Purchase Orders. To the best knowledge of Sullair, all of the material unfilled purchase orders from customers of the Company are valid in accordance with their terms and customers for whom such orders are to be filled have no claims or setoffs which in the aggregate would result in a material diminution of the aggregate amount due upon completion of such orders. All material purchase orders accepted by the Company after the date of this Agreement shall be valid in accordance with their terms.

3.15 Warranties and Guarantees. Copies of all forms of product warranties and guarantees presently utilized by the Company have been furnished by Sullair to Sundstrand. Except as set forth in Schedule 17 attached hereto, none of such warranties or guarantees extends for a period of more than 24 months from the date of sale by the Company. All product descriptions, performance specifications and other published materials currently used by the Company in connection with the manufacture, sale, repair, maintenance or use of the products manufactured or sold by the Company will be made available by Sullair to Sundstrand. Such materials accurately describe the products covered thereby.

3.16 Regular Course of Business. Between the date hereof and the Closing, except in transactions in the ordinary course of business or transactions involving not more than \$250,000 individually, and except as disclosed in writing by Sullair to Sundstrand, the Company will not (i)(A) sell, lease or otherwise dispose of any of its assets, (B) incur any liability or obligation, except under existing financial arrangements, or (C) enter into or terminate any contract; (ii) make any extraordinary or unusual expenditure or commitment; (iii) borrow any money or increase its obligations by way of guaranty, endorsement, indemnity or otherwise; (iv) declare, set aside or pay any dividend or other distribution in respect of, or purchase, redeem or otherwise acquire, any of its outstanding securities or issue any of its Common Shares except in connection with stock option or other employee benefit plans; (v) increase or commit to increase the compensation payable to officers and other employees, directors or consultants or pay or commit to pay bonuses or other forms of incentive compensation; (vi) amend its Articles of Incorporation or by-laws; or (vii) pay any bonuses, grant any stock options, enter into any employment contracts not terminable at will by it, or adopt or amend any employee profit-sharing, retirement or other benefit plan or arrangement.

3.17 Shareholders' Meeting. Sullair will cause a meeting of its shareholders to be duly called and held for the purpose of voting upon this Agreement and the Merger Agreement and prepare and mail to its shareholders entitled thereto proxy soliciting materials, including, without limitation, a Notice of Meeting, a Proxy Statement (the "Proxy Statement") and a form of Proxy (such soliciting materials being hereinafter called the "Proxy Materials") for such meeting. None of the Proxy Materials, except as and to the extent that the same consists of materials and information furnished by Sundstrand pursuant to Section 4.03, will contain any untrue statement of a material

fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances in which they are made, not misleading. Sullair will keep Sundstrand and SMC closely advised of all developments relative to the consummation of the transactions contemplated by this Agreement or the Merger Agreement and will cooperate fully in bringing about the consummation thereof.

3.18 SEC Reports. Sullair has filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, an Annual Report on Form 10-K for the year ended December 31, 1983, and a quarterly report on Form 10-Q for the quarter ended March 31, 1984. Such reports as of their respective dates, did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

3.19 Compliance with Foreign Corrupt Practices Act. The conduct of the the Company's business has been in compliance with all provisions of the United States Foreign Corrupt Practices Act, as amended.

ARTICLE IV

COVENANTS, REPRESENTATIONS AND WARRANTIES OF SUNDSTRAND

Sundstrand covenants, represents and warrants with and to Sullair as follows:

4.01 Corporate Organization, Etc. Sundstrand is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and duly authorized under its Certificate of Incorporation, as Restated, and under applicable laws to engage in the business conducted by it. SMC is a corporation duly organized, validly existing and in good

standing under the laws of the State of Delaware and duly authorized under its Certificate of Incorporation and under applicable law to engage in the business conducted by it.

4.02 Authorization, Etc. The respective Boards of Directors of Sundstrand and SMC each have approved the execution and delivery of this Agreement and the performance by each of its obligations and undertakings hereunder. The Board of Directors and stockholder of SMC, prior to the Closing, will have approved the execution and delivery of the Merger Agreement and the consummation of the transactions contemplated thereby. The execution of this Agreement and the Merger Agreement and consummation of the transactions contemplated hereby and thereby will not result in the violation by either Sundstrand or SMC of the provisions of their respective Certificates of Incorporation or by-laws, the provisions of any obligation, indenture, agreement or other instrument to which either Sundstrand or SMC is a party, any order, decree or judgment of any court or governmental agency having jurisdiction over Sundstrand or SMC, or the laws of any State as may be applicable.

4.03 Proxy Materials. Sundstrand will furnish to Sullair in writing such information relating to Sundstrand and SMC as may be required for inclusion in the Proxy Materials. Sundstrand will keep Sullair closely advised of all developments relative to the consummation of the transactions contemplated by this Agreement and will cooperate in bringing about the consummation thereof. The materials and information furnished by Sundstrand for use in the preparation of the Proxy Materials will not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances in which they are made, not misleading.

4.04 Binding Agreement. This Agreement has been duly executed and delivered by Sundstrand and SMC and is binding upon, and enforceable against, them in accordance with its terms and conditions.

4.05 Certificates, Etc. All certificates, affidavits, documents and instruments which have been, or will be, furnished by Sundstrand or SMC pursuant to this Agreement or otherwise in connection with the Merger are, and will be, true, complete and accurate in all material respects; and neither this Agreement, the Merger Agreement, nor any other agreement, certificate, affidavit, document or instrument which has been, or will be, furnished by Sundstrand or SMC pursuant to this Agreement or otherwise in connection with the Merger contains or will contain, any untrue statement of a material fact or omits, or will omit, to state any material fact necessary in order to make the statements included therein or herein not misleading.

4.06 No Inconsistent Action. Pending the Closing, neither Sundstrand nor SMC shall take any action or do anything which is inconsistent with this Agreement or any other agreement, certificate, affidavit, document or instrument which is executed or delivered by Sundstrand or SMC pursuant to this Agreement or otherwise in connection with the Merger.

4.07 Indemnification. Sundstrand shall indemnify and hold harmless, to the extent not covered by insurance carried by Sullair, each person who is an officer or director of Sullair as of the date of this Agreement (but not including any officers or director of any subsidiary of Sullair who is not an officer or director of Sullair) against any and all suits, actions, claims, liabilities, demands, costs and expenses (including attorneys' fees and expenses) of any nature whatsoever relating to his or her duties or obligations as a Sullair officer or director arising out of or in any way related to:

(i) any litigation currently pending or filed in the future to the extent that with respect thereto indemnification would be available under any of the current provisions of the Articles of Incorporation or by-laws of Sullair or under insurance carried by Sullair; or

(ii) Any action (other than a willful and knowing action constituting fraud or a violation of federal prohibitions on trading in Sullair stock based on undisclosed material information known to such officer or director) in connection with the transaction contemplated herein.

ARTICLE V

CONDUCT OF SULLAIR'S BUSINESS PRIOR TO CLOSING

Except as permitted by the prior written consent of Sundstrand, Sullair agrees as follows:

5.01 Conduct in Ordinary Course. Between the date hereof and the Closing, the Company will continue to conduct its business in the ordinary course and only in the ordinary course.

5.02 Preservation of Business. Between the date hereof and the Closing, the Company will use its best efforts to preserve the business organization of the Company intact, to keep available the services of its present officers and key employees and to preserve the goodwill of its suppliers, customers and others having business relations with it.

5.03 No New Material Liabilities. On the Closing the Company will not have any material liabilities, whether accrued, absolute, contingent or otherwise, except those shown on the Balance Sheet and those arising from the ordinary conduct of its

business between March 31, 1984 and the date hereof as permitted by Section 5.01 hereof and except for liabilities arising in transactions not constituting a breach of the provisions of Section 3.16 hereof.

ARTICLE VI

CONDITIONS PRECEDENT TO SUNDSTRAND AND SMC'S OBLIGATIONS

The performance of the obligations of Sundstrand and SMC under this Agreement is subject, at the election of Sundstrand, to the fulfillment of each of the following conditions on or before the Closing:

6.01 Proceedings Satisfactory. All proceedings taken by Sullair in connection with the transactions contemplated by this Agreement and all instruments and documents required from Sullair in connection therewith or incident thereto shall be reasonably satisfactory in form and substance to Sundstrand.

6.02 Representations and Warranties; Performance. The representations and warranties of Sullair contained in this Agreement or in any certificate or document delivered to Sundstrand or SMC pursuant hereto shall be true and correct in all material respects on the date hereof and shall be deemed to have been made again on the Closing and speak as of the Closing and shall then also be true and correct in all material respects, subject to any changes and exceptions thereto which are contemplated in this Agreement or consented to by Sundstrand; the Company shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it on or before the Closing; and Sundstrand shall have been furnished with certificates of the President and Secretary of Sullair dated the Closing, certifying to the fulfillment of the foregoing conditions by the Company and further certifying

that there is no material pending or, to the best of their knowledge, threatened litigation, proceeding or governmental investigation relating to the Company, and that there has been no material adverse change in the financial condition or business of the Company or any material damage or destruction of its assets which would affect its ability to conduct its business substantially as theretofore conducted.

6.03 Opinion of Counsel. Sundstrand and SMC shall have been furnished with an opinion dated the Closing of McDermott, Will & Emery, counsel for Sullair, in the form attached as Exhibit 2 hereto.

6.04 Consents. There shall have been obtained the written consents, in form and substance reasonably satisfactory to Sundstrand, of each party whose consent to the transactions contemplated hereby is required.

6.05 Litigation. No action, suit or proceeding before any court or any governmental or regulatory authority shall be pending, no investigation by any governmental or regulatory authority shall have been commenced, and no action, suit or proceeding by any governmental or regulatory authority shall have been threatened, against any of the Company, Sundstrand or SMC, or any of the officers or directors or any of them, seeking to restrain, prevent or change the transactions contemplated hereby or questioning the validity or legality of any of such transactions or seeking damages in connection with any of such transactions.

6.06 Shareholder Approval. At the meeting of Sullair shareholders referred to in Section 3.17 hereof, the holders of the requisite number of the outstanding Common Shares of Sullair

shall have voted to approve the matters referred to in said Section.

6.07 Deliveries. Sullair shall have delivered to Sundstrand the documents required to be delivered hereunder, including those to be delivered on the Closing pursuant to Section 8.01 hereof.

6.08 Resignations. Each of the directors of Sullair and each Subsidiary shall have submitted their resignations in writing as directors effective the Closing Date.

ARTICLE VII
CONDITIONS PRECEDENT TO SULLAIR'S OBLIGATIONS

The performance of Sullair under this Agreement is subject, at the election of Sullair, to the fulfillment of each of the following conditions on or before the Closing:

7.01 Representations and Warranties; Performance. The representations and warranties of Sundstrand and SMC contained in this Agreement or in any certificate or document delivered to Sullair pursuant hereto shall be true and correct in all material respects on the date hereof and shall be deemed to have been made again on the Closing and speak as of the Closing and shall then also be true and correct in all material respects, subject to any changes and exceptions thereto which are contemplated by this Agreement or consented to by Sullair; Sundstrand and SMC shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by them on or before the Closing; and Sullair shall have been furnished with certificates of any Vice-President and the Secretary or any Assistant Secretary of Sundstrand dated the

Closing, certifying to the fulfillment of the foregoing conditions by Sundstrand and SMC.

7.02 Opinion of Counsel. Sullair shall have been furnished with an opinion dated the Closing of Mr. Richard M. Schilling, counsel for Sundstrand, in the form attached as Exhibit 3 hereto.

7.03 Shareholder Approval. At the meeting of Sullair's shareholders referred to in Section 3.17 hereof the holders of the requisite number of the outstanding Common Shares of Sullair shall have voted to approve the matters referred to in said Section.

7.04 Litigation. No action, suit or proceeding before any court or any governmental or regulatory authority shall be pending, no investigation by any governmental or regulatory authority shall have been commenced, and no action, suit or proceeding by any governmental or regulatory authority shall have been threatened against any of Sundstrand, SMC or the Company, or any of the officers or directors or any of them, seeking to restrain, prevent or change the transactions contemplated hereby or questioning the validity or legality of any of such transactions or seeking damages in connection with any of such transactions.

7.05 Deliveries. Sundstrand and SMC shall have delivered to Sullair on the Closing the documents required to be delivered pursuant to Section 8.02 hereof.

7.06 Proceedings Satisfactory. All proceedings taken by Sundstrand and SMC in connection with the transactions contemplated by this Agreement and all instruments and documents

required from Sundstrand and SMC in connection therewith or incident thereto shall be reasonably satisfactory in form and substance to Sullair.

ARTICLE VIII
DOCUMENTS TO BE DELIVERED AT THE CLOSING

8.01 Deliveries by Sullair. At the Closing, Sullair shall deliver to Sundstrand and SMC:

- (i) Custody to all of the Company's books, records, papers and other documents;
- (ii) The certificates, opinion, consents, agreements and assignments referred to in Sections 3.03, 6.02, 6.03, 6.04, 6.07 and 6.08 hereof;
- (iii) Such other certificates and documents as Sundstrand may reasonably request.

8.02 Deliveries by Sundstrand and SMC. At the Closing Sundstrand and SMC shall deliver to Sullair:

- (i) A certified copy of the respective resolutions of Sundstrand's and SMC's Board of Directors approving this Agreement and authorizing the transactions contemplated hereby.
- (ii) A certified copy of resolutions of the stockholder of SMC approving this Agreement and the Merger Agreement and the transactions herein and therein contemplated.
- (iii) The certificate and opinion referred to in Sections 7.01 and 7.02 hereof.

(iv) Such other certificates and documents as Sullair may reasonably request.

ARTICLE IX
TERMINATION AND ABANDONMENT

9.01 Methods of Termination. This Agreement may be terminated and the Merger herein contemplated may be abandoned at any time, notwithstanding approval thereof by the shareholders of Sullair, but not later than the Effective Date of the Merger:

(a) by mutual consent of the respective Boards of Directors of Sundstrand and Sullair; or

(b) by the Board of Directors of either Sundstrand or Sullair if the Sullair shareholders shall not have duly approved this Agreement and the Merger Agreement not later than October 30, 1984 or if the Board of Directors of Sullair shall not have duly reapproved the Merger in accordance with Indiana law not later than November 30, 1984.

9.02 Procedure Upon Termination. In the event of termination and abandonment by the Board of Directors of Sundstrand or Sullair, or both, pursuant to Section 9.01 hereof, written notice thereof shall forthwith be given to the other and this Agreement shall terminate and the Merger shall be abandoned without further action by any of the parties hereto. If this Agreement is terminated as provided herein, no party hereto shall have any liability or obligation to any other party to this Agreement.

ARTICLE X
MISCELLANEOUS PROVISIONS

10.01 Access to Information. Between the date hereof and the Closing, Sullair shall give to Sundstrand and its representatives (including, without limitation, its accountants and counsel) reasonable access to the properties, titles, contracts, books, records and affairs of Sullair and shall furnish such related information as Sundstrand and its representatives shall reasonably request. During such period Sullair shall use its best efforts to obtain and provide to Sundstrand and its representatives such workpapers of Sullair's accountants as Sundstrand and its representatives shall reasonably request.

10.02 Confidentiality. Sundstrand hereby agrees that all information furnished to it or its agents, employees or representatives by or on behalf of the Company in connection with this Agreement and the transactions contemplated hereby and marked as "Confidential" will be used by Sundstrand and its agents, employees and representatives only in connection with this Agreement and the transactions contemplated hereby and that all such confidential information will be kept confidential by it and its agents, employees and representatives. Any information transmitted orally which is regarded as confidential shall be confirmed in writing within ten days thereafter. Sundstrand further agrees that in the event of termination of this Agreement and abandonment of the Merger for any reason, Sundstrand and its agents, employees and representatives shall not use for any purpose, and shall hold confidential, all such confidential information and shall return or cause to be returned to Sullair, without retaining copies thereof, all documents delivered to Sundstrand or its agents, employees or representatives by or on behalf the Company. For purposes hereof, "confidential

information" shall not include any information which is or becomes generally available to the public other than as a result of disclosure by Sundstrand or its agents, employees or representatives, any information which is or becomes available to Sundstrand from other sources, or any information which is independently developed by Sundstrand.

10.03 Nonsurvival of Warranties. The respective representations and warranties of the parties hereto shall expire with, and be terminated and extinguished by, the Merger or the termination of the this Agreement and the Merger pursuant to ARTICLE IX hereof or otherwise, and thereafter neither Sullair, Sundstrand or SMC nor any officer or director thereof shall be under any liability whatsoever with respect to any such representation or warranty. This Section 10.03 shall have no effect upon any other obligation of the parties hereto, including without limitation the obligations of Sundstrand under Section 4.07 hereof, to be performed after the Closing.

10.04 Hart-Scott-Rodino Filings. As soon as practicable Sullair and Sundstrand shall cause to be made any and all filings which are required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and shall furnish to each other such necessary information and reasonable assistance as may be requested in connection with the preparation of necessary filings or submissions under the provisions of that act.

10.05 Treatment of Sullair Stock Options. At the Effective Date, each holder of an option to acquire Common Shares of Sullair, whether or not then exercisable, will be entitled, upon surrender and cancellation of the option, to receive an amount in cash from Sullair, payable as set forth below, equal to

the difference between (a) the product of the number of Common Shares of Sullair covered by such option multiplied by \$8.50, and (b) the aggregate option exercise price payable upon exercise of such option. Such cash payments shall be payable as follows:

(i) If the aggregate amount payable to the optionholder shall be \$15,000 or less, such amount shall be payable immediately upon surrender of the option; or

(ii) If the aggregate amount payable to the optionholder shall be in excess of \$15,000, but not more than \$100,000, 50% of such amount shall be payable immediately upon surrender of the option with the balance thereof being payable on January 1, 1985 with interest thereon at the rate of 12% per annum from the date of surrender of the option; or

(iii) If the aggregate amount payable to the optionholder shall be in excess of \$100,000, 20% of such amount shall be payable immediately upon surrender of the option, with the balance thereof being payable in four (4) equal annual installments commencing on January 1, 1985 and on each January 1 thereafter, with interest on the unpaid balance from time to time outstanding at the rate of 12% per annum from the date of surrender of the option.

10.06 Extensions, Waivers, Amendments. At any time prior to the Effective Date, the parties hereto may, by written agreement (a) extend the time for the performance of any of the obligations or other acts of the parties hereto and (b) waive compliance with any of the conditions, covenants or agreements

contained in this Agreement. At any time prior to the Effective Date (notwithstanding any shareholder approval), if authorized by their respective Boards of Directors, the parties hereto may, by written agreement, amend or supplement any of the provisions of this Agreement; provided, however, that, without the requisite approval of the Sullair shareholders, no such agreement shall reduce the amount or change the form of the consideration to be received for each Sullair Common Share.

10.07 Expenses. Except as provided herein, each of the parties hereto shall bear all expenses incurred by it in connection with this Agreement and in consummation of the transactions contemplated hereby and in preparation therefor.

10.08 Brokerage. Each of the parties hereby represents and warrants to the other parties that it knows of no person or entity entitled to receive from it any fee for brokerage, finder's or financial consulting services in connection with this Agreement or the transactions contemplated hereby except for fees due Paine Webber Inc. by Sullair.

10.09 Notices. All notices, demands and requests required or permitted to be given under the provisions of this Agreement shall be deemed duly given if mailed by registered mail, postage prepaid, and pending the designation of another address, addressed as follows:

(a) If to Sundstrand and/or SMC:

Richard M. Schilling
Vice President and General Counsel
SUNDSTRAND CORPORATION
P.O. Box 7003
4751 Harrison Avenue
Rockford, Illinois 61125

(b) If to Sullair:

Clele J. Joseph
Chairman of the Board
Sullair Corporation
2700 East Michigan Boulevard
Michigan City, Indiana 46360

With a copy to:

Stanley H. Meadows
McDermott, Emery & Will
111 West Monroe Street
Chicago, Illinois 60603

10.10 Entire Agreement. This Agreement and the Merger Agreement contain all the terms agreed upon between the parties with respect to the subject matter hereof and supersedes all prior agreements, arrangements and communications, whether oral or written.

10.11 Headings. The headings of the Sections of this Agreement are for convenience of reference only and shall not be deemed to explain, limit or amplify the provisions hereof.

10.12 Assignment. This Agreement shall not be assignable by either party hereto.

10.13 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if the signatures to each such counterpart were upon the same instrument.

10.14 Governing Law. This Agreement shall be construed and interpreted in accordance with and governed in all respects

by the laws of the State of Illinois.

IN WITNESS WHEREOF, Sullair, Sundstrand and SMC each has caused this Agreement to be duly executed and attested, all as of the day and year first above written.

ATTEST:

Samuel Chaboch

SULLAIR CORPORATION

By *Clele J. Joseph*
Clele J. Joseph
Chairman of the Board

ATTEST:

William R. Egan

SUNDSTRAND CORPORATION

By *Don R. O'Hare*
Don R. O'Hare
Vice Chairman of the Board

ATTEST:

William R. Egan

SNS MERGING CORPORATION

By *Richard M. Schilling*
Richard M. Schilling
President

AGREEMENT OF MERGER

AGREEMENT OF MERGER (this "Merger Agreement"), dated as of _____, 1984, among SULLAIR CORPORATION, an Indiana corporation ("Sullair"), SUNDSTRAND CORPORATION, a Delaware corporation ("Sundstrand"), and SNS MERGING CORPORATION, a Delaware corporation and a wholly owned subsidiary of Sundstrand ("SMC") (Sullair and SMC are sometimes referred to herein as the "Constituent Corporations"). Sundstrand is joining this Merger Agreement as a third party and not as a constituent corporation.

Sullair is a corporation duly organized and existing under the laws of the State of Indiana, with an authorized capital consisting of 25,000,000 Common Shares, without par value, 500,000 shares of Class A Preferred Stock, without par value, and 500,000 shares of Class B Preferred Stock, without par value. _____ Common Shares and no shares of Class A Preferred Stock or Class B Preferred Stock are issued and outstanding as of the date of this Agreement. No shares are held in the treasury of Sullair.

SMC is a corporation duly organized and existing under the laws of the State of Delaware, with an authorized capital of 1,000 shares of Common Stock, \$1 par value, ("SMC Common Stock"), all of which are issued and outstanding and held by Sundstrand at the date hereof.

Sullair, Sundstrand and SMC have entered into an Acquisition Agreement dated July 16, 1984 (the "Agreement"), which contemplates the merger of SMC with and into Sullair (the "Merger") in accordance with this Merger Agreement.

The respective Boards of Directors of Sullair, Sundstrand and SMC deem it advisable and in the best interests of each such

corporation and its respective shareholders that SMC be merged with and into Sullair as provided herein and in the Agreement, and they have accordingly adopted resolutions approving the Agreement and this Merger Agreement, and directing the submission of the Agreement and this Merger Agreement to the shareholders of the Constituent Corporations.

Therefore in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I

The Merger

1.1 On the Effective Date (as defined in Section 6.1 hereof), of the Merger, SMC shall be merged with and into Sullair, which shall continue to be governed by the laws of the State of Indiana, and the separate corporate existence of SMC shall thereupon cease. (Sullair, as the surviving corporation, is sometimes referred to herein as the "Surviving Corporation".) The Merger shall be pursuant to the provisions of and with the effect provided in the Indiana General Corporation Act and the Delaware General Corporation Law.

ARTICLE II

Articles of Incorporation and By-Laws

2.1 The Articles of Incorporation of Sullair will not be amended pursuant to this Merger Agreement and such Articles of Incorporation shall be the Articles of Incorporation of the Surviving Corporation. The By-laws of Sullair shall become the By-laws of the Surviving Corporation.

ARTICLE III
Directors and Officers

3.1 The persons who are directors of SMC immediately prior to the Effective Date shall, after the Effective Date, become the directors of the Surviving Corporation until their successors have been elected and qualified in accordance with law and the Articles of Incorporation and By-Laws of the Surviving Corporation. The persons who are officers of Sullair immediately prior to the Effective Date shall, after the Effective Date, continue as officers of the Surviving Corporation without change until their successors have been elected and qualified in accordance with law and the Articles of Incorporation and By-laws of the Surviving Corporation.

ARTICLE IV
Manner and Basis of Converting Shares

4.1 On the Effective Date of the Merger:

(a) Each share of Sullair Common Stock then issued and outstanding (other than shares held by Sundstrand) shall, by virtue of the Merger and without any action on the part of the record holder thereof, be converted into the right to receive, upon surrender of the certificate representing such share, \$8.50 in cash payable to the holder thereof, without interest thereon.

(b) Each share of Sullair Common Stock then held in the treasury of Sullair and each share of Sullair Common Stock held by Sundstrand shall, by virtue of the Merger, and without any action on the part of the holder thereof, be cancelled, retired and cease to exist.

(c) Each share of SMC Common Stock then issued and outstanding shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into one fully paid and nonassessable Common Share, without par value, of the Surviving Corporation.

4.2 (a) On the Effective Date, SMC (or Sullair, as the Surviving Corporation) shall deposit with, or otherwise unconditionally make available on demand to The First National Bank of Chicago, Chicago, Illinois (the "Payment Agent"), in cash, to be deposited in trust, an amount in the aggregate equal to the product of the number of Sullair Common Shares issued and outstanding at the Effective Date (less the number of Sullair Common Shares held by Sundstrand) and \$8.50 (such amount being hereinafter referred to as the "Payment Fund"). Out of the Payment Fund, the Payment Agent shall, pursuant to irrevocable instructions, make the payments provided for in Sections 4.1(a) and 4.2 of this Merger Agreement.

(b) Promptly after the Effective Date of the Merger, the Payment Agent shall mail to each record holder (other than Sundstrand), as of the Effective Date, of an outstanding certificate or certificates, which prior thereto represented Sullair Common Shares, a form of letter of transmittal (which shall specify that delivery shall be effective, and risk of loss and title to such certificate or certificates shall pass, only upon proper delivery of such certificate or certificates to the Payment Agent) and instructions for use in effecting the surrender of such certificate or certificates for payment therefor. Upon surrender to the Payment Agent of such certificate or certificates, together with such letter of transmittal, duly executed, the Payment Agent shall promptly pay out of the Payment Fund to the persons entitled thereto the

amount to which such persons are entitled, as provided in Section 4.1(a) of this Merger Agreement. No interest will be paid or accrued on the cash payable upon the surrender of the certificate or certificates. If payment is to be made to a person other than the one in whose name the certificate surrendered is registered, it shall be a condition of payment that the certificate so surrendered shall be properly endorsed or otherwise in proper form for transfer and that the person requesting such payment shall pay any transfer or other taxes required by reason of the payment to a person other than the registered holder of the certificate surrendered or establish to the satisfaction of the Surviving Corporation that such tax has been paid or is not applicable. Until surrendered in accordance with the provisions of this Section 4.2, the certificate or certificates which immediately prior to the Effective Date represented issued and outstanding Sullair Common Shares shall represent for all purposes the right to receive \$8.50 in cash multiplied by the number of shares evidenced by such certificate or certificates. After the Effective Date of the Merger, there shall be no further registration of transfers on the records of Sullair Common Shares.

(c) Any portion of the Payment Fund deposited with the Payment Agent which remains unclaimed by the shareholders of Sullair for one year after the Effective Date of the Merger shall be repaid to the Surviving Corporation, upon demand, and any such shareholders of Sullair (immediately prior to the Effective Date of the Merger) who have not theretofore complied with Section 4.2(b) hereof shall thereafter look only to the Surviving Corporation for payment of their claim for \$8.50 in cash per Sullair Common Share.

ARTICLE V

Rights and Duties of Sullair as the Surviving Corporation

5.1 At the Effective Date of the Merger, for all purposes the separate existence of SMC shall cease, and SMC shall be merged with and into Sullair, which, as the Surviving Corporation, shall thereupon and thereafter possess all the rights, privileges, powers, immunities, purposes and franchises, both public and private of each of the Constituent Corporations. All real property and personal property, tangible and intangible and mixed of every kind and description, belonging to each of the Constituent Corporations shall be vested in the Surviving Corporation without further act or deed, and the title to any real estate, or any interest therein, vested in either of the Constituent Corporations shall not revert or be in any way impaired by reason of the Merger. The Surviving Corporation shall be liable for all the obligations and liabilities of each of the Constituent Corporations and any claim existing or action or proceeding pending by or against either of the Constituent Corporations may be enforced as if the Merger had not taken place. Neither the rights of creditors nor any liens upon, or security interest in, the property of either of the Constituent Corporations shall be impaired by the Merger. If at any time the Surviving Corporation shall consider or be advised that any further assignment or assurances in law or any things are necessary or desirable to vest in the Surviving Corporation, according to the terms hereof, the title of any property or rights of SMC, the last acting officers and directors of SMC, as the case may be, or the corresponding officers and directors of the Surviving Corporation shall and will execute and make all such proper assignments and assurances and do all things necessary or proper to vest title in such property or rights in the Surviving Corporation, and otherwise to carry out the purposes of this Merger Agreement.

agreement of Sullair, Sundstrand and SMC, duly authorized by each of their respective Boards of Directors, at any time prior to the Effective Date; provided, however, that after the adoption of the Agreement and this Merger Agreement by the Sullair shareholders, no such amendment, modification or supplement shall reduce the amount or change the form of the consideration to be paid to the Sullair shareholders in accordance with ARTICLE IV hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement of Merger to be executed by their duly authorized officers all as of the date and year first written above.

ATTEST:

SULLAIR CORPORATION

By _____
Clele J. Joseph
Chairman of the Board

ATTEST:

SUNDSTRAND CORPORATION

By _____
Don R. O'Hare
Vice Chairman of the Board

ATTEST:

SNS MERGING CORPORATION

By _____
Richard M. Schilling
President

ARTICLE VI
Effective Date

6.1 As used in this Merger Agreement, the term "Effective Date" shall mean the time at which a certificate of merger shall have been issued by the Secretary of State of Indiana pursuant to the provisions of the Indiana General Corporation Act and a certificate of merger shall have been filed with the Secretary of State of Delaware pursuant to the provisions of the Delaware General Corporation Law.

ARTICLE VII
Termination

7.1 This Merger Agreement shall be terminated without further action by the parties hereto in the event that the Agreement is terminated in accordance with its terms, and in such event this Merger Agreement shall have no further force or effect and there shall be no liability on the part of the parties hereto except to the extent otherwise provided in the Agreement.

ARTICLE VIII
Counterparts

8.1 This Merger Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

ARTICLE IX
Amendment

9.1 Subject to applicable law, this Merger Agreement may be amended, modified or supplemented only by written

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1984

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No .

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at April 24, 1984</u>
Common Stock, par value \$1.00 per share	18,093,569

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The information is set forth on pages 2 through 5 of Registrant's 1984 Annual Meeting and First Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of operations and financial condition for the quarter ending March 31, 1984, as compared to operating results for the first quarter of 1983, and the balance sheet at December 31, 1983, are discussed below, and should be read in conjunction with the Annual Report on Form 10-K for 1983 and the financial data and commentary presented on pages 2 through 5 of Registrant's 1984 Annual Meeting and First Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Operating Results

First quarter 1984 sales of \$233.7 million were up 4.9% from 1983 first quarter sales of \$222.8 million. This increase occurred in both the Power Transmission and Fluid and Heat Transfer business segments. Strong demand for hydrostatic and hydraulic pumps and motors for mobile and industrial equipment caused increased shipments within the Power Transmission segment. The increase in sales for the Fluid and Heat Transfer segment was primarily due to increased demand for heat transfer surfaces and copper tubing supplied for air conditioning, heating and cooling products. Aerospace segment sales were approximately the same in the first quarters of 1984 and 1983.

Unfilled orders increased from \$803.6 million to \$821.4 million during the first quarter. Increases in unfilled orders occurred in all three business segments with Power Transmission reporting a gain of \$8.6 million followed by Aerospace and Fluid and Heat Transfer with gains of \$7.7 million and \$1.5 million respectively.

Earnings before taxes of \$21.1 million for the first quarter of 1984 increased \$6.9 million from the 1983 first quarter results. The increase in earnings is caused by higher sales and improved gross profit margins plus a decrease in net interest costs partially offset by an increase in marketing and administration expense. Net interest costs are down due to positive cash flows.

Net earnings of \$12.8 million and earnings per share of \$.70 increased 35.0% and 34.6% respectively for the first quarter of 1984 compared to the first quarter of 1983.

On April 19, 1984, the Registrant publicly announced 1984 forecasted sales to be \$1,020 million, an increase of 12.1% from 1983 sales of \$909.3 million. Earnings per share for 1984 are forecasted to be \$3.60 per share, an increase of 48.8% from 1983 earnings per share of \$2.42. Improved market conditions and profit margins for Sundstrand's Power Transmission segment and continued strength in the military aerospace business are the principal reasons 1984 is expected to be a better year than 1983.

Financial Condition

On March 31, 1984, cash and cash equivalents were \$23.2 million, an increase of \$7.2 million from December 31, 1983.

Net funds provided by operating activities of \$30.5 million for the first quarter of 1984 decreased \$8.5 million from the first quarter of 1983. This decrease was primarily the result of an increase in inventories to support improved market conditions expected by the Registrant.

Net additions to property, plant, and equipment were \$17.4 million for the first three months of 1984 as compared to \$10.5 million for the same prior year period. Net additions to property, plant, and equipment are expected to be about \$90 million during 1984 for new machinery and systems dedicated to reduction of manufacturing costs, quality enhancement, and improvement of asset turnover rates. The Registrant expects to spend about \$98 million on research and development in order to maintain its competitive position and market leadership through technological product development. Net additions to property, plant, equipment and research and development expenditures are expected to be financed with present available capital resources plus funds provided by operating activities.

During the first quarter dividends of \$.45 per share were paid and a second quarter dividend of \$.45 per share has been declared. The first quarter dividend payment represents 64.4% of first quarter 1984 after-tax earnings.

Cash flow continued strong for the Registrant during the first quarter resulting in a ratio of total debt to total capital of 23.6% at March 31, 1984, the same as year end 1983.

In March, Registrant's offer to acquire Wulfsberg Electronics, Inc. for stock was accepted by Wulfsberg's board, subject to stockholder approval. In early April, the Registrant entered into a contract to sell its hydraulics operations in the United States and France to a new company formed by the present manager of the business. Sale of the United States operations was completed on April 19 and sale of the operations in France will be completed upon approval by the French governmental authorities. Neither of these transactions are expected to have a material impact on earnings for 1984 or on the financial condition at year-end 1984.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

Exhibit (20) 1984 First Quarter Results

(b) No report on Form 8-K has been filed during the quarter ended March 31, 1984.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Sundstrand Corporation
(Registrant)

Date May 7, 1984

/s/ Ted Ross
Ted Ross
Vice President of Finance and Secretary

Date May 7, 1984

/s/ A. Adrian Kemper
A. Adrian Kemper
Controller

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) of
THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 1988

Commission file number 1-5358

SUNDSTRAND CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

**4949 Harrison Avenue
P.O. Box 7003
Rockford, Illinois**
(Address of principal executive offices)

61125-7003
(Zip Code)

Registrant's telephone number, including area code

(815) 226-6000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common stock—\$1 par value
Common stock purchase rights

**Name of each exchange on which the common
stock and rights are registered**
New York Stock Exchange
Midwest Stock Exchange
Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing.

\$979,421,471 as of March 6, 1989.*

*For purposes of this calculation only, without determining whether the following are affiliates of the Registrant, the Registrant has assumed that its directors, executive officers and consolidated trusts maintained in connection with the retirement plans of the Registrant and its Subsidiaries are affiliates.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

18,493,529 shares of common stock outstanding at March 6, 1989.

DOCUMENTS INCORPORATED BY REFERENCE.

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes.

Document

Form 10-K reference

Portions of Registrant's Annual Report to Stockholders for the fiscal year ended December 31, 1988

Parts I and II; Part III, Item 10; and Part IV, Items 14 (a)(1) and (a)(2)

Portions of Registrant's Proxy Statement for Annual Meeting of Stockholders to be held April 20, 1989

Part III, Items 10, 11, 12 and 13

CROSS-REFERENCE TABLE OF CONTENTS

Registrant's Annual Report to Stockholders for the fiscal year ended December 31, 1988 and Registrant's Proxy Statement for Annual Meeting of Stockholders to be held April 20, 1989, include all information required in Parts I (Items 1, 2 and 4), II (Items 5, 7, 8 and 9), III and IV (Item 14) (a)(1) and (a)(2)) of Form 10-K and a portion of Parts I (Item 3) and II (Item 6). The Cross-Reference Table of Contents set forth below identifies the source of incorporated material for each of the Form 10-K items included in Parts I, II, III and IV (Item 14(a)(1) and (a)(2)). Only those sections of the Annual Report to Stockholders and the Proxy Statement cited in the Cross-Reference Table are part of the Form 10-K and filed with the Securities and Exchange Commission.

Form 10-K Item No.

Incorporated by Reference From:

PART I.

Item 1. Business

(a) General Development of Business

Annual Report to Stockholders, information regarding establishment and sale of joint venture on pages 24 and 25, and information regarding date of

PART I.

Item 3. Legal Proceedings

On March 27, 1989, the U.S. District Court for the Northern District of Illinois dismissed the shareholder derivative actions that had been consolidated under the caption *Rodney B. Shields v. Evans W. Erikson, et al.* Under the court's decision, the plaintiffs may file an amended complaint within thirty days or appeal the decision to the U.S. Court of Appeals.

The Company's motion to dismiss the shareholder derivative action filed in Delaware Chancery Court under the caption *Harry Lewis v. Sundstrand Corporation, et al.* remains pending.

PART II.

Item 6. Selected Financial Data

In July 1985, Registrant purchased the Turbomach Division of Solar Turbines Incorporated, a wholly owned subsidiary of Caterpillar Tractor Co. The cost of the acquisition was \$102,000,000 of cash, a non-negotiable promissory note for \$19,000,000 payable over seven years, and \$2,300,000 of other acquisition costs. The acquisition has been accounted for as a purchase; the excess of cost over the net assets acquired was approximately \$56,700,000 and is being amortized over 40 years.

PART IV.

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) 2. Financial Statement Schedules

Schedule II — Amounts Receivable from Related Parties, for the years ended December 31, 1988, 1987 and 1986, and Auditors' Report on Schedule II.

(a) 3. Exhibits

(3) Articles of Incorporation and By-Laws

(a) Registrant's Restated Certificate of Incorporation, including all amendments, as effective April 16, 1987 (filed as Exhibit (3)(a) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1987, File No. 1-5358, and incorporated herein by reference).

(b) Registrant's Certificate of Designation, including all amendments, relating to its Variable Rate Preferred Stock, Series A, as effective March 10, 1989.

(c) Registrant's Certificate of Designation relating to its Variable Rate Preferred Stock, Series A,

(j) Agreement dated March 1, 1989 between Registrant and Susco Acquisition Corporation (a company owned by Klaus H. Murmann, a director of Registrant, his family members and associates) relating to the sale of certain property, plant and equipment.

(k) Agreement dated March 1, 1989 between Registrant and Susco Acquisition Corporation (a company owned by Klaus H. Murmann, a director of Registrant, his family members and associates) relating to the sale of certain property, plant and equipment.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUNDSTRAND CORPORATION

(Registrant)

By /s/ Harry C. Stonecipher
Harry C. Stonecipher
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Don R. O'Hare)	
Chairman of the Board)	
and Director)	
Harry C. Stonecipher)	
President and Chief Executive)	
Officer and Director)	
Paul Donovan)	
Vice President of Finance)	
and Treasurer)	
DeWayne J. Fellows)	
Controller)	
Robert C. Hyndman)	March 31, 1989
Director)	
Thomas L. Martin, Jr.)	
Director)	
Donald E. Nordlund)	
Director)	
Thomas G. Pownall)	
Director)	
John A. Puelicher)	
Director)	

By /s/ Don R. O'Hare
Don R. O'Hare, Attorney-in-Fact

Sundstrand Corporation and Subsidiaries
Schedule II — Amounts Receivable From Related Parties

Year Ended December 31, 1988

Dollar Amounts in Thousands

Name of Debtor	Balance at January 1, 1988	Additions	Deductions		Balance at December 31, 1988				
			Amounts Collected	Amounts Written Off	Current	Not Current	Due Date	Interest Rate*	Collateral Value**
Don R. O'Hare	\$ 150	\$ 0	\$150	\$0	\$0	\$ 0	N/A	N/A	\$ N/A
Evans W. Erikson	2,640	0	0	0	0	2,640	23-Oct-94	6.85%	2,821
David MacMorris***	445	0	0	0	0	445	30-Apr-95	6.88%	476
Bernard W. Kittle***	1,160	0	0	0	0	1,160	29-Apr-95	6.86%	1,347
William R. Kopp	900	0	0	0	0	900	31-Mar-95	6.85%	1,050
Ted Ross***	1,060	0	0	0	0	1,060	29-Apr-95	6.88%	1,235
Richard M. Schilling	700	80	0	0	0	780	31-Dec-96	6.99%	1,010
Kenelm A. Groff	487	36	65	0	0	458	19-May-95	6.85%	588
A. Adrian Kemper***	280	0	0	0	0	280	23-Oct-94	6.85%	360
Philip W. Polgreen	540	0	0	0	0	540	29-May-95	6.94%	600
Clark E. Lemke***	490	0	0	0	0	490	23-Oct-94	6.85%	532
Paul Donovan	0	428	0	0	0	428	20-Dec-96	8.59%	519
Harry C. Stonecipher	1,600	320	0	0	0	1,920	29-Apr-96	7.02%	2,071
Totals	<u>\$10,452</u>	<u>\$864</u>	<u>\$215</u>	<u>\$0</u>	<u>\$0</u>	<u>\$11,101</u>			<u>\$12,609</u>

*Weighted average interest.

**Collateral consists principally of real estate, securities, certificates of deposit, and investment accounts.

***Former related parties.

Sundstrand Corporation and Subsidiaries
Schedule II — Amounts Receivable From Related Parties

Year Ended December 31, 1987

Dollar Amounts in Thousands

<u>Name of Debtor</u>	<u>Balance at January 1, 1987</u>	<u>Additions</u>	<u>Amounts Collected</u>	<u>Balance at December 31, 1987</u>
				<u>Not Current</u>
Evans W. Erikson	\$2,640	\$ 0	\$ 0	\$ 2,640
Bernard W. Kittle	910	250	0	1,160
William R. Kopp	800	100	0	900
Richard M. Schilling	700	0	0	700
Philip W. Polgreen	640	150	250	540
Kenelm A. Groff	580	119	212	487
Clark E. Lemke*	490	0	0	490
Ted Ross	300	760	0	1,060
A. Adrian Kemper	280	0	0	280
Don R. O'Hare	0	250	100	150
David MacMorris	225	350	130	445
Harry C. Stonecipher	0	1,600	0	1,600
Totals	<u>\$7,565</u>	<u>\$3,579</u>	<u>\$692</u>	<u>\$10,452</u>

Columns indicating Deductions - Amounts Written Off, and Current Balance are not shown above because they are non-applicable.

*Clark E. Lemke was a related party, but resigned his position in 1987.

Sundstrand Corporation and Subsidiaries

Schedule II — Amounts Receivable From Related Parties

Year Ended December 31, 1986

Dollar Amounts in Thousands

<u>Name of Debtor</u>	<u>Balance at January 1, 1986</u>	<u>Additions</u>	<u>Amounts Collected</u>	<u>Balance at December 31, 1986</u>
				<u>Not Current</u>
Evans W. Erikson	\$2,440	\$200	\$ 0	\$2,640
Bernard W. Kittle	1,160	0	250	910
William R. Kopp	800	0	0	800
Richard M. Schilling	656	44	0	700
Ted Ross	600	200	500	300
Kenelm A. Groff	580	0	0	580
Clark E. Lemke	490	0	0	490
Philip W. Polgreen	404	236	0	640
A. Adrian Kemper	280	0	0	280
David MacMorris	0	225	0	225
Totals	<u>\$7,410</u>	<u>\$905</u>	<u>\$750</u>	<u>\$7,565</u>

Columns indicating Deductions - Amounts Written Off, and Current Balance are not shown above because they are non-applicable.

INDEPENDENT AUDITORS' REPORT ON SCHEDULE II

Board of Directors and Stockholders
Sundstrand Corporation

In connection with our audit of the consolidated financial statements of Sundstrand Corporation and subsidiaries for the years ended December 31, 1988, 1987, and 1986, referred to in our report dated February 15, 1989 we have also audited schedule II for the years ended December 31, 1988, 1987 and 1986. In our opinion, this schedule presents fairly the information required to be set forth therein.

GRANT THORNTON

Chicago, Illinois
February 15, 1989

Sundstrand Corporation and Subsidiaries

Exhibit (22)

Subsidiaries of the Registrant

The following lists each of the Registrant's significant domestic and foreign subsidiaries.

<u>Name of Corporation</u>	<u>Jurisdiction in Which Incorporated</u>	<u>Percent of Voting Securities Owned</u>
Sundstrand Heat Transfer, Inc.	Delaware	100%
Sundstrand Data Control, Inc.	Delaware	100%
Sundstrand Tubular Products, Inc.	Delaware	100%
Sundstrand International Corporation S.A.	Switzerland	100%
Sundstrand France	France	99%
Sundstrand Pacific (Pte.) Ltd.	Republic of Singapore	100%
Sundstrand Pacific Finance, N.V.	Netherlands Antilles	100%
Sundstrand Transferencia de Calor, S.A. de C.V.	Mexico	100%
Sundstrand International Corporation	Delaware	100%
Sundstrand Service Corporation	Illinois	100%
The Falk Corporation	Delaware	100%
Falk Canada Inc.	Canada	100%
Sundstrand do Brasil		
Equipamentos Ltda.	Brazil	100%
Sullair Corporation	Indiana	100%
Signatron, Inc.	Delaware	100%
The Standard of America Financial Corporation	Delaware	100%
Renflo International Limited	Bermuda	100%
Sundstrand Finance Corporation	Delaware	100%
Sundstrand Venture Company	Delaware	100%

Exhibit (24)

INDEPENDENT AUDITORS' CONSENT

We have issued our report dated February 15, 1989, accompanying the consolidated financial statements incorporated by reference in the Annual Report of Sundstrand Corporation on Form 10-K for the year ended December 31, 1988. We hereby consent to the incorporation by reference of said report in the Sundstrand Corporation Registration Statements on Form S-8 (no. 2-77592 and no. 2-94215).

GRANT THORNTON

Chicago, Illinois
March 29, 1989

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 1987

Commission file number 1-5358

SUNDSTRAND CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4949 Harrison Avenue
P.O. Box 7003
Rockford, Illinois
(Address of principal executive offices)

61125-7003
(Zip Code)

Registrant's telephone number, including area code

(815) 226-6000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common stock—\$1 par value
Common stock purchase rights

**Name of each exchange on which the common
stock and rights are registered**
New York Stock Exchange
Midwest Stock Exchange
Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing.

\$856,383,944 as of February 19, 1988.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

18,416,859 shares of common stock outstanding at February 19, 1988.

DOCUMENTS INCORPORATED BY REFERENCE.

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes.

Document

Form 10-K reference

Portions of Registrant's Annual Report to Stockholders for the fiscal year ended December 31, 1987

Part I and II; Part III, Item 10; and Part IV, Item 14 (a)(1) and (a)(2)

Portions of Registrant's Proxy Statement for Annual Meeting of Stockholders to be held April 21, 1988

Part III, Items 10, 11, 12 and 13

CROSS-REFERENCE TABLE OF CONTENTS

Registrant's Annual Report to Stockholders for the fiscal year ended December 31, 1987 and Registrant's Proxy Statement for Annual Meeting of Stockholders to be held April 21, 1988, include all information required in Parts I (Items 1, 2 and 4), II, III and IV (Item 14) (a)(1) and (a)(2)) of Form 10-K and a portion of Item 3 of Part I. The Cross-Reference Table of Contents set forth below identifies the source of incorporated material for each of the Form 10-K items included in Parts I, II, III and IV (Item 14(a)(1) and (a)(2)). Only those sections of the Annual Report to Stockholders and the Proxy Statement cited in the Cross-Reference Table are part of the Form 10-K and filed with the Securities and Exchange Commission.

Form 10-K Item No.

Incorporated by Reference From:

PART I.

Item 1. Business

(a) General Development of Business

Annual Report to Stockholders, information regarding establishment of joint venture on pages 20 and 31, information regarding business acquisitions on page 31, and information regarding date of incorporation on page 39.

(b) Financial Information About Industry Segments

Annual Report to Stockholders, information regarding sales and operating profit by business segment on pages 22-23, and page 26.

(c) Narrative Description of Business

Annual Report to Stockholders, pages 7-25, information regarding research and development expenditures on page 36, information regarding the number of employees on page 40, and information regarding materials and supplies, patents and competition on page 39.

(d) Financial Information About Foreign and Domestic Operations and Export Sales

Annual Report to Stockholders, page 26, and information regarding foreign earnings and assets on pages 34-35.

Item 2. Properties

Annual Report to Stockholders, information regarding properties on page 39.

Item 3. Legal Proceedings

Annual Report to Stockholders, information regarding income tax assessments on page 35, information regarding government contracts disputes on page 37, and information regarding legal proceedings on page 39.

Item 4. Submission of Matters to a Vote of Security Holders

(Not Applicable).

Executive officers of the Registrant

Annual Report to Stockholders, information regarding officers on page 43.

PART II.

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

Annual Report to Stockholders, information regarding restrictions on dividend payments on page 36, information regarding Registrant's common stock price range, and dividends on page 37, information regarding the number of common stockholders on page 40 and information regarding exchange listings on page 44.

Item 6. Selected Financial Data

Annual Report to Stockholders, information regarding business acquisitions and joint venture on page 31, and pages 40-41.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Annual Report to Stockholders, pages 22-25.

Form 10-K Item No.

- Item 8. Financial Statements and Supplementary Data
- Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Incorporated by Reference From:

Annual Report to Stockholders, pages 26-38.

(Not Applicable).

PART III.

- Item 10. Directors and Executive Officers of the Registrant
- Item 11. Executive Compensation
- Item 12. Security Ownership of Certain Beneficial Owners and Management
- Item 13. Certain Relationships and Related Transactions

Annual Report to Stockholders, pages 42-43; Proxy Statement, pages 2-7.

Proxy Statement, pages 8 and 10-13.

Proxy Statement, page 8.

Proxy Statement, pages 9 and 13.

PART IV.

- Item 14. Exhibits, Financial Statements Schedules, and Reports on Form 8-K
 - (a) 1. Financial Statements

Annual Report to Stockholders, the following consolidated financial statements of Registrant and subsidiaries on pages 26 through 38.

Information by Business Segment for the three years ended December 31, 1987

Consolidated Statement of Earnings for the three years ended December 31, 1987

Consolidated Statement of Changes in Financial Position for the three years ended December 31, 1987

Consolidated Balance Sheet as of December 31, 1987 and 1986

Consolidated Statement of Stockholders' Equity for the three years ended December 31, 1987

Financial Summary

Auditor's Report

- (a) 2. Financial Statement Schedules

The schedules, other than a schedule of amounts receivable from related parties, have been omitted as the required information is not applicable, or not required, or because the required information is included in the Consolidated Financial Statements or Financial Summary.

Separate financial statements of Registrant have been omitted since it is primarily an operating company and the minority interests in subsidiaries and long-term debt held by others than Registrant is less than five percent of consolidated total assets.

Financial statements (or summarized financial information) for unconsolidated subsidiaries and 50% or less owned companies accounted for by the equity method have been omitted because they do not, considered individually or in the aggregate, constitute a significant subsidiary.

PART I.

Item 3. Legal Proceedings

As previously disclosed, the Company is the subject of investigations by Federal grand juries in the Northern District of Illinois and the Western District of Washington. These investigations involve the Company's accounting practices in connection with government contracts and tax matters. The Government has advised that it intends to charge the Company with criminal violations in both districts. As a result of such charges, the Company could be suspended from eligibility for awards of new government contracts. The Company is in the process of entering a settlement in one or possibly both actions which could result in the Company's debarment from eligibility for awards of new government contracts for a period of time and in the imposition of materially adverse fines and penalties. The Company is also engaged in efforts to avoid or minimize the extent of any suspension or debarment. The details of these efforts are of necessity confidential.

PART IV.

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) 2. Financial Statement Schedules

Schedule II — Amounts Receivable from Related Parties, for the years ended December 31, 1987, 1986 and 1985, and Auditor's Report on Schedule II.

(a) 3. Exhibits

(3) Articles of Incorporation and By-Laws

- (a) Registrant's Restated Certificate of Incorporation, including all amendments, as effective April 16, 1987.
- (b) Amendment adding, Article SIXTEENTH to Registrant's Restated Certificate of Incorporation adopted by the stockholders of Registrant on April 16, 1987 (set forth in full in Registrant's Proxy Statement dated March 11, 1987 and incorporated herein by reference).
- (c) Registrant's By-Laws, including all amendments, as effective October 15, 1987.
- (d) Text of resolution adopted by the Board of Directors of Registrant on April 16, 1987 amending Registrant's By-Laws.
- (e) Text of resolution adopted by the Board of Directors of Registrant on October 15, 1987 amending Registrant's By-Laws.

(4) Instruments Defining the Rights of Security Holders, including Indentures

- (a) Amended and Restated Rights Agreement dated December 4, 1987 (filed as Exhibit (2) to Registrant's Current Report on Form 8-K dated December 18, 1987, File No. 1-5358, and incorporated herein by reference).
- (b) Note Agreement of Registrant dated November 18, 1975 (filed as Exhibit 1 to Registrant's Current Report on Form 8-K for the month of November, 1975, File No. 1-5358, and incorporated herein by reference).
- (c) Note Agreement of Registrant dated January 18, 1980 (filed as Exhibit (a) 1. to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1980, File No. 1-5358, and incorporated herein by reference).
- (d) Underwriting Agreement and Pricing Agreement of Registrant dated April 28, 1986 (filed as Exhibit (b) 2 to Registrant's Current Report on Form 8-K for the month of April 1986, File No. 1-5358, and incorporated herein by reference).
- (e) Substantially identical Amended and Restated Credit Agreements dated as of December 1, 1986 between Registrant and various banking institutions.
- (f) Lease dated as of December 14, 1987 between Registrant and Greyhound Real Estate Investment Six, Inc.

(10) Material Contracts

- (a) Registrant's 1975 Restricted Stock Plan as adopted on April 19, 1975 by the stockholders of Registrant, including all amendments thru April 16, 1986 (filed as Exhibit (10)(b) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, File No. 1-5358, and incorporated herein by reference).

- (b) Registrant's 1982 Restricted Stock Plan as adopted on April 15, 1982 by the stockholders of Registrant, including all amendments thru April 16, 1986 (filed as Exhibit (10)(c) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, File No. 1-5358, and incorporated herein by reference).
 - (c) Text of resolution adopted by the Board of Directors of Registrant on April 17, 1986 amending Registrant's 1975 and 1982 Restricted Stock Plans (filed as Exhibit (10)(c) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1986, File No. 1-5358, and incorporated herein by reference).
 - (d) Text of resolution adopted by the Board of Directors of Registrant on July 17, 1980 establishing a Restricted Stock Cash Equivalent Program (filed as Exhibit (a) 3. to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1980, File No. 1-5358, and incorporated herein by reference).
 - (e) Text of resolution adopted by the Board of Directors of Registrant on December 16, 1985 amending Registrant's Restricted Stock Cash Equivalent Program (filed as Exhibit (10)(g) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1985, File No. 1-5358, and incorporated herein by reference).
 - (f) Employment Agreement dated February 20, 1986 between Registrant and Evans W. Erikson, Registrant's Chairman, (filed as Exhibit (10)(i) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1985, File No. 1-5358, and incorporated herein by reference).
 - (g) Employment Agreement dated January 5, 1987 between Registrant and Harry C. Stonecipher, Registrant's President, (filed as Exhibit (10)(k) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1986, File No. 1-5358, and incorporated herein by reference).
 - (h) Text of resolution adopted by the Board of Directors of Registrant on October 17, 1984 establishing a 1984 Elected Officers' Loan Program (filed as Exhibit (10)(i) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1984, File No. 1-5358, and incorporated herein by reference).
 - (13) Annual Report to Stockholders for the year ended December 31, 1987.
 - (19) Previously unfiled documents.
 - (a) Consent dated October 23, 1987 to Note Agreements of Registrant dated November 18, 1975 and January 18, 1980.
 - (b) Amendments dated November 2, 1987 to Note Agreement of Registrant dated January 18, 1980.
 - (c) Amendments dated November 2, 1987 to Note Agreement of Registrant dated November 18, 1975.
 - (22) Subsidiaries of Registrant
 - (24) Consents of Experts and Counsel
 - (a) Auditor's Consent.
 - (25) Power of Attorney
 - (28) Additional Exhibits
 - (a) Undertakings (filed as Exhibit (28)(a) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, File No. 1-5358, and incorporated herein by reference).
- (b) Reports on Form 8-K
- (1) Current Report on Form 8-K Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 dated December 4, 1987, File No. 1-5358, and incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUNDSTRAND CORPORATION

(Registrant)

By /s/ Evans W. Erikson
Evans W. Erikson
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Evans W. Erikson)	
Chairman of the Board and)	
Chief Executive Officer and)	
Director)	
Don R. O'Hare)	
Vice Chairman of the Board)	
and Director)	
Harry C. Stonecipher)	
President and Chief Operating)	
Officer and Director)	
David MacMorris)	
Executive Vice President)	
and Director)	
Ted Ross)	
Vice President of Finance)	
and Secretary)	
A. Adrian Kemper)	February 18, 1988
Controller)	
Robert C. Hyndman)	
Director)	
Thomas L. Martin, Jr.)	
Director)	
Klaus H. Murmann)	
Director)	
Donald E. Nordlund)	
Director)	
Thomas G. Pownall)	
Director)	
John A. Puelicher)	
Director)	
Ward Smith)	
Director)	

By /s/ Don R. O'Hare
Don R. O'Hare, Attorney-in-Fact

Sundstrand Corporation and Subsidiaries

Schedule II — Amounts Receivable From Related Parties

Year Ended December 31, 1987

Dollar Amounts in Thousands

Name of Debtor	Balance at January 1, 1987	Additions	Deductions		Balance at December 31, 1987				
			Amounts Collected	Amounts Written Off	Current	Not Current	Due Date	Interest Rate	Collateral Value*
Evans W. Erikson	\$2,640	\$ 0	\$ 0	\$0	\$0	\$ 2,640	23-Oct-94	6.85%	\$ 2,821
Bernard W. Kittle	910	250	0	0	0	1,160	29-Apr-95	6.86%	1,283
William R. Kopp	800	100	0	0	0	900	31-Mar-95	6.85%	1,050
Richard M. Schilling	700	0	0	0	0	700	23-Oct-94	6.85%	1,002
Philip W. Polgreen	640	150	250	0	0	540	29-May-95	6.94%	590
Kenelm A. Groff	580	119	212	0	0	487	19-May-95	6.87%	578
Clark E. Lemke**	490	0	0	0	0	490	23-Oct-94	6.85%	524
Ted Ross	300	760	0	0	0	1,060	29-Apr-95	6.88%	1,189
A. Adrian Kemper	280	0	0	0	0	280	23-Oct-94	6.85%	341
Don R. O'Hare	0	250	100	0	0	150	29-May-95	7.19%	212
David MacMorris	225	350	130	0	0	445	30-Apr-95	6.88%	563
Harry C. Stonecipher	0	1,600	0	0	0	1,600	31-Mar-95	6.85%	1,722
Totals	<u>\$7,565</u>	<u>\$3,579</u>	<u>\$692</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,452</u>			<u>\$11,875</u>

*Collateral consists principally of real estate, securities, certificates of deposit, and investment accounts.

**Clark E. Lemke was a related party, but resigned his position in 1987.

Sundstrand Corporation and Subsidiaries

Schedule II — Amounts Receivable From Related Parties

Year Ended December 31, 1986

Dollar Amounts in Thousands

<u>Name of Debtor</u>	<u>Balance at January 1, 1986</u>	<u>Additions</u>	<u>Amounts Collected</u>	<u>Balance at December 31, 1986</u>
				<u>Not Current</u>
Evans W. Erikson	\$2,440	\$200	\$ 0	\$2,640
Bernard W. Kittle	1,160	0	250	910
William R. Kopp	800	0	0	800
Richard M. Schilling	656	44	0	700
Ted Ross	600	200	500	300
Kenelm A. Groff	580	0	0	580
Clark E. Lemke	490	0	0	490
Philip W. Polgreen	404	236	0	640
A. Adrian Kemper	280	0	0	280
David MacMorris	0	225	0	225
Totals	<u>\$7,410</u>	<u>\$905</u>	<u>\$750</u>	<u>\$7,565</u>

Columns indicating Deductions - Amounts Written Off, and Current Balance are not shown above because they are non-applicable.

Sundstrand Corporation and Subsidiaries
Schedule II — Amounts Receivable From Related Parties

Year Ended December 31, 1985

Dollar Amounts in Thousands

<u>Name of Debtor</u>	<u>Balance at January 1, 1985</u>	<u>Amounts Collected</u>	<u>Balance at December 31, 1985</u>
			<u>Not Current</u>
Evans W. Erikson	\$2,440	\$ 0	\$2,440
Bernard W. Kittle	1,160	0	1,160
Don R. O'Hare	1,500	1,500	0
Ted Ross	900	300	600
William R. Kopp	800	0	800
Richard M. Schilling	656	0	656
Philip W. Polgreen	604	200	404
Kenelm A. Groff	580	0	580
A. Adrian Kemper	580	300	280
Clark E. Lemke	490	0	490
Totals	<u>\$9,710</u>	<u>\$2,300</u>	<u>\$7,410</u>

Columns indicating Additions, Deductions - Amounts Written Off, and Current Balance are not shown above because they are non-applicable.

AUDITOR'S REPORT ON SCHEDULE II

Board of Directors and Stockholders
Sundstrand Corporation

In connection with our examination of the consolidated financial statements of Sundstrand Corporation and subsidiaries for the years ended December 31, 1987, 1986 and 1985, referred to in our report dated February 3, 1988 we have also examined schedule II for the years ended December 31, 1987, 1986 and 1985. In our opinion, this schedule presents fairly the information required to be set forth therein.

GRANT THORNTON

Chicago, Illinois
February 3, 1988

Sundstrand Corporation and Subsidiaries

Exhibit (22)

Subsidiaries of the Registrant

The following lists each of the Registrant's significant domestic and foreign subsidiaries.

<u>Name of Corporation</u>	<u>Jurisdiction in Which Incorporated</u>	<u>Percent of Voting Securities Owned</u>
Sundstrand Heat Transfer, Inc.	Delaware	100%
Sundstrand Data Control, Inc.	Delaware	100%
Sundstrand Finance International N.V.	Netherlands	
	Antilles	100%
Sundstrand Tubular Products, Inc.	Delaware	100%
Sundstrand International Corporation S.A.	Switzerland	100%
Sundstrand France	France	99%
Sundstrand Pacific (Pte.) Ltd.	Republic of Singapore	100%
Sundstrand Pacific Finance, N.V.	Netherlands	
	Antilles	100%
Sundstrand International Corporation	Delaware	100%
Sundstrand Service Corporation	Illinois	100%
The Falk Corporation	Delaware	100%
Falk Canada Inc.	Canada	100%
Sundstrand do Brasil		
Equipamentos Ltda.	Brazil	100%
Sullair Corporation	Indiana	100%
Signatron, Inc.	Delaware	100%
The Standard of America Financial Corporation	Delaware	100%
Renflo International Limited	Bermuda	100%
Sundstrand Finance Corporation	Delaware	100%
Sundstrand Venture Company	Delaware	100%

Exhibit (24)

AUDITOR'S CONSENT

We have issued our report dated February 3, 1988, accompanying the consolidated financial statements incorporated by reference in the Annual Report of Sundstrand Corporation on Form 10-K for the year ended December 31, 1987. We hereby consent to the incorporation by reference of said report in the Sundstrand Corporation Registration Statements on Form S-8 (no. 2-77592 and no. 2-94215).

GRANT THORNTON

Chicago, Illinois
March 22, 1988

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 1986

Commission file number 1-5358

SUNDSTRAND CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue
P.O. Box 7003
Rockford, Illinois
(Address of principal executive offices)

61125-7003
(Zip Code)

Registrant's telephone number, including area code

(815) 226-6000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common stock—\$1 par value
Common stock purchase rights

**Name of each exchange on which the common
stock and rights are registered**
New York Stock Exchange
Midwest Stock Exchange
Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing.

\$1,124,186,655 as of February 12, 1987.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

18,775,560 shares of common stock outstanding at February 12, 1987.

DOCUMENTS INCORPORATED BY REFERENCE.

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes.

Document

Form 10-K reference

Portions of Registrant's Annual Report to Stockholders for the fiscal year ended December 31, 1986

Part I and II; Part III, Item 10; and Part IV, Item 14 (a)(1) and (a)(2)

Portions of Registrant's Proxy Statement for Annual Meeting of Stockholders to be held April 16, 1987

Part III, Items 10, 11, 12 and 13

CROSS-REFERENCE TABLE OF CONTENTS

Registrant's Annual Report to Stockholders for the fiscal year ended December 31, 1986 and Registrant's Proxy Statement for Annual Meeting of Stockholders to be held April 16, 1987, include all information required in Parts I, II, III and IV (Item 14) (a)(1) and (a)(2)) of Form 10-K. The Cross-Reference Table of Contents set forth below identifies the source of incorporated material for each of the Form 10-K items included in Parts I, II, III and IV (Item 14(a)(1) and (a)(2)). Only those sections of the Annual Report to Stockholders and the Proxy Statement cited in the Cross-Reference Table are part of the Form 10-K and filed with the Securities and Exchange Commission.

Form 10-K Item No.

Incorporated by Reference From:

PART I.

Item 1. Business

(a) General Development of Business

Annual Report to Stockholders, information regarding establishment of joint venture on pages 20 and 36, information regarding businesses acquired and sold on page 35, and information regarding date of incorporation on page 41.

(b) Financial Information About Industry Segments

Annual Report to Stockholders, page 24.

(c) Narrative Description of Business

Annual Report to Stockholders, pages 5-23, information regarding research and development expenditures on page 34, information regarding the number of employees on page 39, and information regarding materials and supplies, patents and competition on page 41.

(d) Financial Information About Foreign and Domestic Operations and Export Sales

Annual Report to Stockholders, page 24, and information regarding foreign earnings and assets on pages 31-32.

Item 2. Properties

Annual Report to Stockholders, information regarding properties on page 41.

Item 3. Legal Proceedings

Annual Report to Stockholders, information regarding income tax assessments on page 32, information regarding government contract disputes on page 35, and information regarding legal proceedings on page 41.

Item 4. Submission of Matters to a Vote of Security Holders

(Not Applicable).

Executive officers of the Registrant

Annual Report to Stockholders, information regarding officers on page 38.

PART II.

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

Annual Report to Stockholders, information regarding restrictions on dividend payments on page 33, information regarding Registrant's common stock price range, dividends, and exchange listings on pages 36 and 42, and information regarding the number of common stockholders on page 39.

Item 6. Selected Financial Data

Annual Report to Stockholders, information regarding businesses acquired and sold on page 35, information regarding the establishment of joint venture on page 36, and pages 39-40.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Annual Report to Stockholders, pages 21-23.

Form 10-K Item No.

- Item 8. Financial Statements and Supplementary Data
- Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Incorporated by Reference From:

Annual Report to Stockholders, pages 24-37.

(Not Applicable).

PART III.

- Item 10. Directors and Executive Officers of the Registrant
- Item 11. Executive Compensation
- Item 12. Security Ownership of Certain Beneficial Owners and Management
- Item 13. Certain Relationships and Related Transactions

Annual Report to Stockholders, page 38; Proxy Statement, pages 2-6.

Proxy Statement, pages 9-12.

Proxy Statement, page 7.

Proxy Statement, pages 8 and 12.

PART IV.

- Item 14. Exhibits, Financial Statements Schedules, and Reports on Form 8-K
 - (a) 1. Financial Statements

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Consolidated Balance Sheet as of December 31, 1986 and 1985

Consolidated Statement of Changes in Financial Position for the three years ended December 31, 1986

Consolidated Statement of Stockholders' Equity for the three years ended December 31, 1986

Financial Summary

Auditors' Report

- (a) 2. Financial Statement Schedules

The schedules, other than a schedule of amounts receivable from related parties, have been omitted as the required information is not applicable, or not required, or because the required information is included in the Consolidated Financial Statements or Financial Summary.

Separate financial statements of Registrant have been omitted since it is primarily an operating company and the minority interests in subsidiaries and long-term debt held by others than Registrant is less than five percent of consolidated total assets.

Financial statements (or summarized financial information) for unconsolidated subsidiaries and 50% or less owned companies accounted for by the equity method have been omitted because they do not, considered individually or in the aggregate, constitute a significant subsidiary.

PART IV.

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) 2. Financial Statement Schedules

Schedule II — Amounts Receivable from Related Parties, for the years ended December 31, 1986, 1985 and 1984, and Auditors' Report on Schedule II

(a) 3. Exhibits

(3) Articles of Incorporation and By-Laws

(a) Registrant's Restated Certificate of Incorporation, including all amendments (filed as Exhibit (3)(a) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, File No. 1-5358, and incorporated herein by reference).

(b) Registrant's By-Laws as effective April 17, 1986.

(c) Text of resolution adopted by the Board of Directors of Registrant on April 17, 1986 amending Registrant's By-Laws.

(d) Text of resolution adopted by the Board of Directors of Registrant on February 19, 1987 amending Registrant's By-Laws effective April 16, 1987.

(4) Instruments Defining the Rights of Security Holders, including Indentures

(a) Rights Agreement of Registrant dated April 18, 1986 (filed as Exhibit 1 to Registrant's Current Report on Form 8-K dated April 18, 1986, File No. 1-5358, and incorporated herein by reference).

(b) Note Agreement of Registrant dated November 18, 1975 (filed as Exhibit 1 to Registrant's Current Report on Form 8-K for the month of November, 1975, File No. 1-5358, and incorporated herein by reference).

(c) Note Agreement of Registrant dated January 18, 1980 (filed as Exhibit (a) 1. to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1980, File No. 1-5358, and incorporated herein by reference).

(d) Underwriting Agreement and Pricing Agreement of Registrant dated April 28, 1986 (filed as Exhibit (b) 2 to Registrant's Current Report on Form 8-K for the month of April 1986, File No. 1-5358, and incorporated herein by reference).

(10) Material Contracts

(a) Registrant's 1975 Restricted Stock Plan as adopted on April 19, 1975 by the stockholders of Registrant, including all amendments thru April 16, 1986 (filed as Exhibit (10)(b) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, File No. 1-5358, and incorporated herein by reference).

(b) Registrant's 1982 Restricted Stock Plan as adopted on April 15, 1982 by the stockholders of Registrant, including all amendments thru April 16, 1986 (filed as Exhibit (10)(c) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, File No. 1-5358, and incorporated herein by reference).

(c) Text of resolution adopted by the Board of Directors of Registrant on April 17, 1986 amending Registrant's 1975 and 1982 Restricted Stock Plans.

(d) Text of resolution adopted by the Board of Directors of Registrant on October 16, 1980 establishing a Deferred Compensation Plan for certain Directors of Registrant (filed as Exhibit (10)(g) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1980, File No. 1-5358, and incorporated herein by reference).

(e) Text of resolution adopted by the Board of Directors of Registrant on April 21, 1983 amending the Deferred Compensation Plan for certain Directors of Registrant (filed as Exhibit (19)(e) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1983, File No. 1-5358, and incorporated herein by reference).

(f) Text of resolution adopted by the Board of Directors of Registrant on October 16, 1986 amending the Deferred Compensation Plan for certain Directors and Directors Emeritus of Registrant.

(g) Text of resolution adopted by the Board of Directors of Registrant on July 17, 1980 establishing a Restricted Stock Cash Equivalent Program (filed as Exhibit (a) 3. to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1980, File No. 1-5358, and incorporated herein by reference).

- (h) Text of resolution adopted by the Board of Directors of Registrant on December 16, 1985 amending Registrant's Restricted Stock Cash Equivalent Program (filed as Exhibit (10)(g) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1985, File No. 1-5358, and incorporated herein by reference).
 - (i) Identical Employment Agreements dated July 15, 1982 as amended between Registrant and Messrs. Evans W. Erikson and Don R. O'Hare, Registrant's Chairman and Vice Chairman of the Board, respectively, (filed as Exhibit (10)(h) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, File No. 1-5358, and incorporated herein by reference).
 - (j) Employment Agreement dated February 20, 1986 between Registrant and Evans W. Erikson, Registrant's Chairman (filed as Exhibit (10)(i) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1985, File No. 1-5358, and incorporated herein by reference).
 - (k) Employment Agreement dated January 5, 1987 between Registrant and Harry C. Stonecipher, Registrant's Executive Vice President.
 - (l) Substantially identical Compensation Deferral Agreements, as amended, between Registrant and Messrs. Evans W. Erikson, Registrant's Chairman of the Board; Don R. O'Hare, Registrant's Vice Chairman of the Board; Bernard W. Kittle, Registrant's Group Vice President, Advanced Technology Group; and Ted Ross, Registrant's Vice President of Finance and Secretary, dated August 5, 1983, August 22, 1983, August 31, 1983, and August 22, 1983, respectively, (filed as Exhibit (10)(j) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1983, File No. 1-5358, and incorporated herein by reference).
 - (m) Compensation Deferral Agreement between Registrant and David MacMorris, Registrant's Executive Vice President, dated July 22, 1985 (filed as Exhibit (10)(k) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1985, File No. 1-5358, and incorporated herein by reference).
 - (n) Compensation Deferral Agreement between Registrant and Harry C. Stonecipher, Registrant's Executive Vice President, dated January 21, 1987.
 - (o) Text of resolution adopted by the Board of Directors of Registrant on October 17, 1984 establishing a 1984 Elected Officers' Loan Program (filed as Exhibit (10)(i) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1984, File No. 1-5358, and incorporated herein by reference).
 - (13) Annual Report to Stockholders for the year ended December 31, 1986.
 - (19) Previously unfiled documents.
 - (a) Amendments and consents dated December 15, 1986 to Note Agreements of Registrant dated November 18, 1975 and January 18, 1980.
 - (b) Amendment and consent dated December 15, 1986 to Note Agreement of Registrant dated November 18, 1975.
 - (22) Subsidiaries of Registrant
 - (24) Consents of Experts and Counsel
 - (a) Auditors' Consent.
 - (25) Power of Attorney
 - (28) Additional Exhibits
 - (a) Undertakings (filed as Exhibit (28)(a) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, File No. 1-5358, and incorporated herein by reference).
- (b) Reports on Form 8-K
- No reports on Form 8-K have been filed by Registrant during the last quarter of 1986.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUNDSTRAND CORPORATION

(Registrant)

March 23, 1987

By /s/ Evans W. Erikson
Evans W. Erikson
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Evans W. Erikson)	
Chairman of the Board and)	
Chief Executive Officer and)	
Director)	
Don R. O'Hare)	
Vice Chairman of the Board)	
and Director)	
David MacMorris)	
Executive Vice President)	
and Director)	
Harry C. Stonecipher)	
Executive Vice President)	
Ted Ross)	
Vice President of Finance)	
and Secretary)	
A. Adrian Kemper)	February 19, 1987
Controller)	
James Wm. Ethington)	
Director)	
Robert C. Hyndman)	
Director)	
Thomas L. Martin, Jr.)	
Director)	
Klaus H. Murmann)	
Director)	
Donald E. Nordlund)	
Director)	
John A. Puelicher)	
Director)	
Ward Smith)	
Director)	

By /s/ Don R. O'Hare
Don R. O'Hare, Attorney-in-Fact

Sundstrand Corporation and Subsidiaries

Schedule II — Amounts Receivable From Related Parties

Year Ended December 31, 1986

Dollar Amounts in Thousands

Name of Debtor	Balance at January 1, 1986	Additions	Deductions		Balance at December 31, 1986				
			Amounts Collected	Amounts Written Off	Current	Not Current	Due Date	Interest Rate	Collateral Value*
Evans W. Erikson	\$2,440	\$200	\$ 0	\$0	\$0	\$2,640	23-Oct-94	6.85%	\$2,821
Bernard W. Kittle	1,160	0	250	0	0	910	23-Oct-94	6.85%	1,062
William R. Kopp	800	0	0	0	0	800	23-Oct-94	6.85%	1,050
Richard M. Schilling	656	44	0	0	0	700	23-Oct-94	6.85%	1,015
Ted Ross	600	200	500	0	0	300	23-Oct-94	6.85%	440
Kenelm A. Groff	580	0	0	0	0	580	23-Oct-94	6.85%	800
Clark E. Lemke	490	0	0	0	0	490	23-Oct-94	6.85%	550
Philip W. Polgreen	404	236	0	0	0	640	23-Oct-94	6.85%	687
A. Adrian Kemper	280	0	0	0	0	280	23-Oct-94	6.85%	373
David MacMorris	0	225	0	0	0	225	23-Oct-94	6.85%	245
Totals	<u>\$7,410</u>	<u>\$905</u>	<u>\$750</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,565</u>			<u>\$9,043</u>

*Collateral consists principally of real estate, securities, certificates of deposit, and investment accounts

Sundstrand Corporation and Subsidiaries
Schedule II — Amounts Receivable From Related Parties

Year Ended December 31, 1985

Dollar Amounts in Thousands

<u>Name of Debtor</u>	<u>Balance at January 1, 1985</u>	<u>Amounts Collected</u>	<u>Balance at December 31, 1985</u>
			<u>Not Current</u>
Evans W. Erikson	\$ 2,440	\$	\$ 2,440
Bernard W. Kittle	1,160		1,160
Don R. O'Hare	1,500	1,500	—
Ted Ross	900	300	600
William R. Kopp	800		800
Richard M. Schilling	656		656
Philip W. Polgreen	604	200	404
Kenelm A. Groff	580		580
A. Adrian Kemper	580	300	280
Clark E. Lemke	490		490
Totals	<u>\$ 9,710</u>	<u>\$ 2,300</u>	<u>\$ 7,410</u>

Columns indicating Additions, Deductions - Amounts Written Off, and Current Balance are not shown above because they are non-applicable.

Sundstrand Corporation and Subsidiaries

Schedule II — Amounts Receivable From Related Parties

Year Ended December 31, 1984

Dollar Amounts in Thousands

<u>Name of Debtor</u>	<u>Balance at January 1, 1984</u>	<u>Additions</u>	<u>Balance at December 31, 1984</u>
			<u>Not Current</u>
Evans W. Erikson	\$ 765	\$ 1,675	\$ 2,440
Bernard W. Kittle	201	959	1,160
Don R. O'Hare	103	1,397	1,500
Ted Ross	98	802	900
William R. Kopp	120	680	800
Richard M. Schilling	266	390	656
Philip W. Polgreen	48	556	604
Kenelm A. Groff	26	554	580
A. Adrian Kemper	44	536	580
Clark E. Lemke	0	490	490
Totals	<u>\$ 1,671</u>	<u>\$ 8,039</u>	<u>\$ 9,710</u>

Columns indicating Deductions and Current Balance are not shown above because they are non-applicable.

AUDITORS' REPORT ON SCHEDULE II

Board of Directors and Stockholders
Sundstrand Corporation

In connection with our examination of the consolidated financial statements of Sundstrand Corporation and subsidiaries for the years ended December 31, 1986, 1985 and 1984, referred to in our report dated February 6, 1987 we have also examined schedule II for the years ended December 31, 1986, 1985 and 1984. In our opinion, this schedule presents fairly the information required to be set forth therein.

GRANT THORNTON

Chicago, Illinois
February 6, 1987

Sundstrand Corporation and Subsidiaries

Exhibit (22)

Subsidiaries of the Registrant

The following lists each of the Registrant's significant domestic and foreign subsidiaries. Each corporation listed is included in the Consolidated Financial Statements.

<u>Name of Corporation</u>	<u>Jurisdiction in Which Incorporated</u>	<u>Percent of Voting Securities Owned</u>
Sundstrand Heat Transfer, Inc.	Delaware	100%
Sundstrand Data Control, Inc.	Delaware	100%
Sundstrand Optical Technologies, Inc.	Delaware	100%
Sundstrand Finance International N.V.	Netherlands	
	Antilles	100%
Sundstrand Tubular Products, Inc.	Delaware	100%
Sundstrand International Corporation S.A.	Switzerland	100%
Sundstrand France	France	99%
Sundstrand Pacific (Pte.) Ltd.	Republic of Singapore	100%
Sundstrand Pacific Finance, N.V.	Netherlands	
	Antilles	100%
Sundstrand International Corporation	Delaware	100%
Sundstrand Service Corporation	Illinois	100%
The Falk Corporation	Delaware	100%
Falk Canada Inc.	Canada	100%
Sundstrand do Brasil		
Equipamentos Ltda.	Brazil	100%
Sullair Corporation	Indiana	100%
Signatron, Inc.	Delaware	100%

Exhibit (24)

AUDITORS' CONSENT

We have issued our report dated February 6, 1987, accompanying the consolidated financial statements incorporated by reference in the Annual Report of Sundstrand Corporation on Form 10-K for the year ended December 31, 1986. We hereby consent to the incorporation by reference of said report in the Sundstrand Corporation Registration Statements on Form S-8 (no. 2-77592 and no. 2-94215).

GRANT THORNTON

Chicago, Illinois
March 17, 1987

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549



FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 1985

Commission file number 1-5358

SUNDSTRAND CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

36-1840610

(I.R.S. Employer
Identification No.)

4751 Harrison Avenue

P.O. Box 7003

Rockford, Illinois

(Address of principal executive offices)

61125

(Zip Code)

Registrant's telephone number, including area code

(815) 226-6000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common stock—\$1 par value

Name of each exchange on which registered

New York Stock Exchange

Midwest Stock Exchange

Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing.

\$1,080,323,956 as of February 17, 1986.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

18,671,035 shares of common stock outstanding at February 17, 1986.

DOCUMENTS INCORPORATED BY REFERENCE.

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes.

Document

Portions of Registrant's Annual Report to Stockholders for the fiscal year ended December 31, 1985

Portions of Registrant's Proxy Statement for Annual Meeting of Stockholders to be held April 17, 1986

Form 10-K reference

Part I and II; Part III, Item 10; and Part IV, Item 14 (a)(1) and (a)(2)

Part III, Items 10, 11, 12 and 13

CROSS-REFERENCE TABLE OF CONTENTS

Registrant's Annual Report to Stockholders for the fiscal year ended December 31, 1985 and Registrant's Proxy Statement for Annual Meeting of Stockholders to be held April 17, 1986, include all information required in Parts I, II, III and IV (Item 14 (a)(1) and (a)(2)) of Form 10-K. The Cross-Reference Table of Contents set forth below identifies the source of incorporated material for each of the Form 10-K items included in Parts I, II, III and IV (Item 14 (a)(1) and (a)(2)). Only those sections of the Annual Report to Stockholders and the Proxy Statement cited in the Cross-Reference Table are part of the Form 10-K and filed with the Securities and Exchange Commission.

Form 10-K Item No.

Incorporated by Reference From:

PART I.

Item 1. Business

(a) General Development of Business

Annual Report to Stockholders, information regarding businesses acquired on page 28, and information regarding date of incorporation on page 41.

(b) Financial Information About Industry Segments

Annual Report to Stockholders, page 23.

(c) Narrative Description of Business

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Item 2. Properties

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Item 3. Legal Proceedings

Annual Report to Stockholders, information regarding legal proceedings on page 41, and information regarding income tax assessments on page 32.

Item 4. Submission of Matters to a Vote of Security Holders

(Not Applicable).

PART II.

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

Annual Report to Stockholders, information regarding restrictions on dividend payments on page 33, information regarding Registrant's common stock price range, dividends, and exchange listings on pages 35 and 39, and information regarding the number of common stockholders on page 37.

Item 6. Selected Financial Data

Annual Report to Stockholders, information regarding businesses acquired and sold on page 28, and pages 34-35, 37-38.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Annual Report to Stockholders, pages 21-22.

Item 8. Financial Statements and Supplementary Data

Annual Report to Stockholders, pages 23-36.

Item 9. Disagreements on Accounting and Financial Disclosure

(Not Applicable).

Form 10-K Item No.

Incorporated by Reference From:

PART III.

- | | |
|---|---|
| Item 10. Directors and Executive Officers of the Registrant | Annual Report to Stockholders, page 40; Proxy Statement, pages 2-7. |
| Item 11. Executive Compensation | Proxy Statement, pages 9-12. |
| Item 12. Security Ownership of Certain Beneficial Owners and Management | Proxy Statement, page 8. |
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Consolidated Statement of Changes in Financial Position for the three years ended December 31, 1985

Consolidated Balance Sheet as of December 31, 1985 and 1984

Consolidated Statement of Stockholders' Equity for the three years ended December 31, 1985

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Auditors' Report

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Financial statements (or summarized financial information) for unconsolidated subsidiaries and 50% or less owned companies accounted for by the equity method have been omitted because they do not, considered individually or in the aggregate, constitute a significant subsidiary.

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- (a) 2. Financial Statement Schedules
 - Schedule of Amounts Receivable from Related Parties
- (a) 3. Exhibits
 - (3) Articles of Incorporation and By-Laws
 - (a) Registrant's Restated Certificate of Incorporation, including all amendments (filed as Exhibit (3)(a) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, File No. 1-5358, and incorporated herein by reference).
 - (b) Registrant's By-Laws as effective December 16, 1985.
 - (c) Text of resolution adopted by the Board of Directors of Registrant on July 18, 1985 amending Registrant's By-Laws (filed as Exhibit (a)(3)(i) to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1985, File No. 1-5358, and incorporated herein by reference).
 - (d) Text of resolution adopted by the Board of Directors of Registrant on December 16, 1985 amending Registrant's By-Laws.
 - (4) Instruments Defining the Rights of Security Holders, including Indentures
 - (a) Note Agreement of Registrant dated November 18, 1975 (filed as Exhibit 1 to Registrant's Current Report on Form 8-K for the month of November, 1975, File No. 1-5358, and incorporated herein by reference).
 - (b) Note Agreement of Registrant dated January 18, 1980 (filed as Exhibit (a) 1. to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1980, File No. 1-5358, and incorporated herein by reference).
 - (c) Substantially identical Amended and Restated Credit Agreements dated as of October 1, 1985 between Registrant and various banking institutions.
 - (10) Material Contracts
 - (a) Registrant's 1973 Restricted Stock Plan as adopted on April 19, 1973 by the stockholders of Registrant, including all amendments (filed as Exhibit (10)(a) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, File No. 1-5358, and incorporated herein by reference).
 - (b) Registrant's 1975 Restricted Stock Plan as adopted on April 19, 1975 by the stockholders of Registrant, including all amendments (filed as Exhibit (10)(b) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, File No. 1-5358, and incorporated herein by reference).
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 - (f) Text of resolution adopted by the Board of Directors of Registrant on July 17, 1980 establishing a *Restricted Stock Cash Equivalent Program* (filed as Exhibit (a) 3. to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1980, File No. 1-5358, and incorporated herein by reference).
 - (g) Text of resolution adopted by the Board of Directors of Registrant on December 16, 1985 amending Registrant's *Restricted Stock Cash Equivalent Program*.
 - (h) Identical Employment Agreements dated July 15, 1982 as amended between Registrant and Messrs. Evans W. Erikson and Don R. O'Hare, Registrant's Chairman and Vice Chairman of the Board, respectively, (filed as Exhibit (10)(h) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, File No. 1-5358, and incorporated herein by reference).

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- (j) Substantially identical Compensation Deferral Agreements, as amended, between Registrant and Messrs. Evans W. Erikson, Registrant's Chairman of the Board; Don R. O'Hare, Registrant's Vice Chairman of the Board; Bernard W. Kittle, Registrant's Group Vice President, Advanced Technology Group; and Ted Ross, Registrant's Vice President of Finance and Secretary, dated August 5, 1983, August 22, 1983, August 31, 1983, and August 22, 1983, respectively, (filed as Exhibit (10)(j) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1983, File No. 1-5358, and incorporated herein by reference).
- (k) Compensation Deferral Agreement between Registrant and David MacMorris, Registrant's Executive Vice President, dated July 22, 1985.
- (l) Text of resolution adopted by the Board of Directors of Registrant on October 17, 1984 establishing a 1984 Elected Officers' Loan Program (filed as Exhibit (10)(i) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1984, File No. 1-5358, and incorporated herein by reference).
- (13) Annual Report to Stockholders for the year ended December 31, 1985
- (19) Previously unfiled documents
 - (a) Amendments dated April 30, 1985 to Note Agreement of Registrant dated November 18, 1975.
 - (b) Consents dated August 20, 1985 and November 11, 1985 to Note Agreement of Registrant dated November 18, 1975.
 - (c) Amendment dated April 30, 1985 to Note Agreement of Registrant dated January 18, 1980.
 - (d) Consent dated August 20, 1985 to Note Agreement of Registrant dated January 18, 1980.
- (22) Subsidiaries of Registrant
- (24) Consents of Experts and Counsel
 - (a) Auditors' Consent.
- (25) Power of Attorney
- (28) Additional Exhibits
 - (a) Undertakings (filed as Exhibit (28)(a) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, File No. 1-5358, and incorporated herein by reference).
- (b) Reports on Form 8-K
 - No reports on Form 8-K have been filed by Registrant during the last quarter of 1985.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUNDSTRAND CORPORATION

(Registrant)

March 12, 1986

By /s/ Evans W. Erikson
Evans W. Erikson
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Evans W. Erikson)
Chairman of the Board and)
Chief Executive Officer and)
Director)

Don R. O'Hare)
Vice Chairman of the Board)
and Director)

David MacMorris)
Executive Vice President)
and Director)

Ted Ross)
Vice President of Finance)
and Secretary)

A. Adrian Kemper)
Controller)

James Wm. Ethington) February 20, 1986
Director)

Robert C. Hyndman)
Director)

Thomas L. Martin, Jr.)
Director)

Klaus H. Murmann)
Director)

Donald E. Nordlund)
Director)

Thomas G. Pownall)
Director)

John A. Puelicher)
Director)

Ward Smith)
Director)

By /s/ Don R. O'Hare
Don R. O'Hare, Attorney-in-Fact

Sundstrand Corporation and Subsidiaries
Schedule II — Amounts Receivable From Related Parties

Year Ended December 31, 1985

Dollar Amounts in Thousands

Name of Debtor	Balance at January 1, 1985	Amounts Collected	Balance at December 31, 1985			
			Not Current	Due Date	Interest Rate	Collateral Value*
Evans W. Erikson	\$ 2,440	\$	\$ 2,440	12/21/92	10.00%	\$ 2,738
Bernard W. Kittle	1,160		1,160	08/30/93	9.78%	1,220
Don R. O'Hare	1,500	1,500	—	N/A	10.00%	—
Ted Ross	900	300	600	12/21/92	10.00%	1,001
William R. Kopp	800		800	08/30/93	9.78%	882
Richard M. Schilling	656		656	08/06/93	9.78%	754
Philip W. Polgreen	604	200	404	08/30/93	9.78%	442
Kenelm A. Groff	580		580	08/30/93	9.78%	800
A. Adrian Kemper	580	300	280	08/06/93	9.78%	371
Clark E. Lemke	490		490	08/08/93	9.78%	544
Totals	<u>\$ 9,710</u>	<u>\$ 2,300</u>	<u>\$ 7,410</u>			<u>\$ 8,752</u>

*Collateral consists principally of real estate, securities, certificates of deposit, and investment accounts

Columns indicating Additions, Deductions - Amounts Written Off, and Current Balance are not shown above because they are non-applicable.

Sundstrand Corporation and Subsidiaries
Schedule II — Amounts Receivable From Related Parties

Year Ended December 31, 1984

Dollar Amounts in Thousands

<u>Name of Debtor</u>	<u>Balance at January 1, 1984</u>	<u>Additions</u>	<u>Balance at December 31, 1984</u>
			<u>Not Current</u>
Evans W. Erikson	\$ 765	\$ 1,675	\$ 2,440
Bernard W. Kittle	201	959	1,160
Don R. O'Hare	103	1,397	1,500
Ted Ross	98	802	900
William R. Kopp	120	680	800
Richard M. Schilling	266	390	656
Philip W. Polgreen	48	556	604
Kenelm A. Groff	26	554	580
A. Adrian Kemper	44	536	580
Clark E. Lemke	0	490	490
Total	<u>\$ 1,671</u>	<u>\$ 8,039</u>	<u>\$ 9,710</u>

Columns indicating Deductions and Current Balance are not shown above because they are non-applicable.

Sundstrand Corporation and Subsidiaries

Schedule II — Amounts Receivable From Related Parties

Year Ended December 31, 1983

Dollar Amounts in Thousands

<u>Name of Debtor</u>	<u>Balance at January 1, 1983</u>	<u>Additions</u>	<u>Balance at December 31, 1983</u>
			<u>Not Current</u>
Evans W. Erikson	\$ 205	\$ 560	\$ 765
Bernard W. Kittle	26	175	201
Don R. O'Hare	103	—	103
William R. Kopp	—	120	120
Richard M. Schilling	37	229	266
Total	<u>\$ 371</u>	<u>\$ 1,084</u>	<u>\$ 1,455</u>

Columns indicating Deductions and Current Balance are not shown above because they are non-applicable.

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549



FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 1984

Commission file number 1-5358

SUNDSTRAND CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

36-1840610

(I.R.S. Employer
Identification No.)

4751 Harrison Avenue

P.O. Box 7003

Rockford, Illinois

(Address of principal executive offices)

61125

(Zip Code)

Registrant's telephone number, including area code

(815) 226-6000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common stock—\$1 par value

Name of each exchange on which registered

New York Stock Exchange

Midwest Stock Exchange

Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing.

\$820,119,767 as of March 6, 1985.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

18,498,131 shares of common stock outstanding at March 6, 1985.

DOCUMENTS INCORPORATED BY REFERENCE.

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes.

Document

Form 10-K reference

Portions of Registrant's Annual Report to Stockholders for the fiscal year ended December 31, 1984

Part I and II; Part III, Item 10; and Part IV, Item 14 (a)(1) and (a)(2)

Portions of Registrant's Proxy Statement for Annual Meeting of Stockholders to be held April 18, 1985

Part III, Items 10, 11, 12 and 13

CROSS-REFERENCE TABLE OF CONTENTS

Registrant's Annual Report to Stockholders for the fiscal year ended December 31, 1984 and Registrant's Proxy Statement for Annual Meeting of Stockholders to be held April 18, 1985, include all information required in Parts I, II, III and IV (Item 14 (a)(1) and (a)(2)) of Form 10-K. The Cross-Reference Table of Contents set forth below identifies the source of incorporated material for each of the Form 10-K items included in Parts I, II, III and IV (Item 14 (a)(1) and (a)(2)). Only those sections of the Annual Report to Stockholders and the Proxy Statement cited in the Cross-Reference Table are part of the Form 10-K and filed with the Securities and Exchange Commission.

Form 10-K Item No.

Incorporated by Reference From:

PART I.

Item 1. Business

(a) General Development of Business

Annual Report to Stockholders, information regarding businesses acquired on page 31, and information regarding date of incorporation on page 44.

(b) Financial Information About Industry Segments

Annual Report to Stockholders, page 26.

(c) Narrative Description of Business

Annual Report to Stockholders, inside front cover, pages 6-25, information regarding research and development expenditures on page 36, information regarding the number of employees on page 40, and information regarding materials and supplies, patents and competition on page 44.

(d) Financial Information About Foreign and Domestic Operations and Export Sales

Annual Report to Stockholders, page 26, and information regarding foreign assets and earnings, and tax deferrals resulting from the use of Domestic International Sales Corporation subsidiaries on pages 34-35.

Item 2. Properties

Annual Report to Stockholders, information regarding properties on page 44.

Item 3. Legal Proceedings

Annual Report to Stockholders, information regarding legal proceedings on page 44.

Item 4. Submission of Matters to a Vote of Security Holders

(Not Applicable).

PART II.

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

Annual Report to Stockholders, information regarding restrictions on dividend payments on page 36, information regarding Registrant's common stock price range, dividends, and exchange listings on pages 37 and 42, and information regarding the number of common stockholders on page 40.

Item 6. Selected Financial Data

Annual Report to Stockholders, information regarding businesses acquired and sold on page 31, and pages 37-38, 40-41.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Annual Report to Stockholders, pages 24-25.

Item 8. Financial Statements and Supplementary Data

Annual Report to Stockholders, pages 26-39.

Item 9. Disagreements on Accounting and Financial Disclosure

(Not Applicable).

Form 10-K Item No.

Incorporated by Reference From:

PART III.

- | | |
|---|---|
| Item 10. Directors and Executive Officers of the Registrant | Annual Report to Stockholders, page 43; Proxy Statement, pages 2-6. |
| Item 11. Management Remuneration and Transactions | Proxy Statement, pages 8-11. |
| Item 12. Security Ownership of Certain Beneficial Owners and Management | Proxy Statement, page 7. |
| Item 13. Certain Relationships and Related Transactions | Proxy Statement, page 11. |

PART IV.

- Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) 1. Financial Statements

Annual Report to Stockholders, the following consolidated financial statements of Registrant and subsidiaries on pages 26 through 39:

Information by Business Segment for the years 1984, 1983 and 1982

Consolidated Statement of Earnings for the three years ended December 31, 1984

Consolidated Statement of Changes in Financial Position for the three years ended December 31, 1984

Consolidated Balance Sheet as of December 31, 1984 and 1983

Consolidated Statement of Stockholders' Equity for the three years ended December 31, 1984

Financial Summary

Auditors' Report

(a) 2. Financial Statement Schedules

The schedules have been omitted as the required information is not applicable, or not required, or because the required information is included in the Consolidated Financial Statements or Financial Summary.

Separate financial statements of Registrant have been omitted since it is primarily an operating company and the minority interests in subsidiaries and long-term debt held by others than Registrant is less than five percent of consolidated total assets.

Financial statements (or summarized financial information) for unconsolidated subsidiaries and 50% or less owned companies accounted for by the equity method have been omitted because they do not, considered individually or in the aggregate, constitute a significant subsidiary.

PART IV.

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) 3. Exhibits

(3) Articles of Incorporation and By-Laws

- (a) Registrant's Restated Certificate of Incorporation, including all amendments (filed as Exhibit (3)(a) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, File No. 1-5358, and incorporated herein by reference).
- (b) Registrant's By-Laws, including all amendments (filed as Exhibit (3)(b) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1981, File No. 1-5358, and incorporated herein by reference).

(4) Instruments Defining the Rights of Security Holders, including Indentures

- (a) Note Agreement dated November 18, 1975 (filed as Exhibit 1 to Registrant's Current Report on Form 8-K for the month of November, 1975, File No. 1-5358, and incorporated herein by reference).
- (b) Consents and amendments dated March 14, 1983 and May 3, 1983 to Note Agreement of Registrant dated November 18, 1975 (filed as Exhibit (19)(a) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1984, File No. 1-5358, and incorporated herein by reference).
- (c) Consents and amendments dated November 16, 1983 to Note Agreement of Registrant dated November 18, 1975 (filed as Exhibit (19)(c) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1984, File No. 1-5358, and incorporated herein by reference).
- (d) Amendments dated October 5, 1984 to Note Agreement of Registrant dated November 18, 1975 (filed as Exhibit (19)(a) to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1984, File No. 1-5358, and incorporated herein by reference).
- (e) Note Agreement of Registrant dated January 18, 1980 (filed as Exhibit (a) 1. to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1980, File No. 1-5358, and incorporated herein by reference).
- (f) Consent and amendments dated March 14, 1983 to Note Agreement of Registrant dated January 18, 1980 (filed as Exhibit (19)(b) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1984, File No. 1-5358, and incorporated herein by reference).
- (g) Consent and amendments dated November 16, 1983 to Note Agreement of Registrant dated January 18, 1980 (filed as Exhibit (19)(d) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1984, File No. 1-5358, and incorporated herein by reference).
- (h) Amendment dated October 5, 1984 to Note Agreement of Registrant dated January 18, 1980 (filed as Exhibit (19)(b) to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1984, File No. 1-5358, and incorporated herein by reference).
- (i) Substantially identical Credit Agreements dated August 31, 1984 between Registrant and various banking institutions (filed as Exhibit (4) to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1984, File No. 1-5358, and incorporated herein by reference).

(10) Material Contracts

- (a) Registrant's 1973 Restricted Stock Plan as adopted on April 19, 1973 by the stockholders of Registrant, including all amendments (filed as Exhibit (10)(a) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, File No. 1-5358, and incorporated herein by reference).
- (b) Registrant's 1975 Restricted Stock Plan as adopted on April 19, 1975 by the stockholders of Registrant, including all amendments (filed as Exhibit (10)(b) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, File No. 1-5358, and incorporated herein by reference).
- (c) Registrant's 1982 Restricted Stock Plan as adopted on April 15, 1982 by the stockholders of Registrant, including all amendments (filed as Exhibit (10)(c) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, File No. 1-5358, and incorporated herein by reference).

- (d) Text of resolution adopted by the Board of Directors of Registrant on October 16, 1980 establishing a Deferred Compensation Plan for certain Directors of Registrant (filed as Exhibit (10)(g) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1980, File No. 1-5358, and incorporated herein by reference).
- (e) Text of resolution adopted by the Board of Directors of Registrant on April 21, 1983 amending the Deferred Compensation Plan for certain Directors of Registrant (filed as Exhibit (19)(e) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1984, File No. 1-5358, and incorporated herein by reference).
- (f) Text of resolution adopted by the Board of Directors of Registrant on July 17, 1980 establishing a Restricted Stock Cash Equivalent Program (filed as Exhibit (a) 3. to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1980, File No. 1-5358, and incorporated herein by reference).
- (g) Identical Employment Agreements dated July 15, 1982 as amended between Registrant and Messrs. Evans W. Erikson and Don R. O'Hare, Registrant's Chairman and Vice Chairman of the Board, respectively, (filed as Exhibit (10)(h) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, File No. 1-5358, and incorporated herein by reference).
- (h) Substantially identical Compensation Deferral Agreements, as amended, between Registrant and Messrs. Evans W. Erikson, Registrant's Chairman of the Board; Don R. O'Hare, Registrant's Vice Chairman of the Board; Bernard W. Kittle, Registrant's Group Vice President, Advanced Technology Group; Ted Ross, Registrant's Vice President of Finance and Secretary; and William R. Kopp, Registrant's Group Vice President, Data Control Group, dated August 5, 1983, August 22, 1983, August 31, 1983, August 22, 1983, and November 21, 1983, respectively, (filed as Exhibit (10)(j) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1984, File No. 1-5358, and incorporated herein by reference).
- (i) Text of resolution adopted by the Board of Directors of Registrant on October 17, 1984 establishing a 1984 Elected Officers' Loan Program.
- (13) Annual Report to Stockholders for the year ended December 31, 1984
- (22) Subsidiaries of Registrant
- (24) Consents of Experts and Counsel
 - (a) Auditors' Consent.
- (25) Power of Attorney
- (28) Additional Exhibits
 - (a) Undertakings (filed as Exhibit (28)(a) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, File No. 1-5358, and incorporated herein by reference).
- (b) Reports on Form 8-K
 - A Current Report on Form 8-K dated November 13, 1984 was filed by Registrant during the last quarter of 1984 reporting in Item 2 thereof the acquisition of Sullair Corporation and in Item 7 thereof providing financial information relating to Sullair Corporation and a proforma condensed combined balance sheet and a proforma condensed combined statement of income for Sullair Corporation and the Registrant.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUNDSTRAND CORPORATION

(Registrant)

March 28, 1985

By /s/ Evans W. Erikson
Evans W. Erikson
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Evans W. Erikson)
Chairman of the Board and)
Chief Executive Officer and)
Director)

Don R. O'Hare)
Vice Chairman of the Board)
and Director)

Ted Ross)
Vice President of Finance)
and Secretary)

A. Adrian Kemper)
Controller)

James Wm. Ethington) February 21, 1985
Director)

Thomas L. Martin, Jr.)
Director)

Ward Smith)
Director)

Klaus H. Murmann)
Director)

Donald E. Nordlund)
Director)

Thomas G. Pownall)
Director)

By: /s/ Don R. O'Hare
Don R. O'Hare, Attorney-in-Fact

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended September 30, 1988

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4949 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X. No .

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at October 24, 1988</u>
Common Stock, par value \$1.00 per share	18,483,609

SUNDSTRAND CORPORATION

FORM 10-Q

For the Quarter Ended September 30, 1988

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The information is set forth on pages 6 through 11 of Registrant's 1988 Third Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of operations and financial condition for the quarter and nine months ending September 30, 1988, as compared to operating results for the quarter and nine months ending September 30, 1987, and the balance sheet at December 31, 1987, are discussed below, and should be read in conjunction with the Registrant's Annual Report on Form 10-K for the year ended December 31, 1987 and the financial data and commentary presented on pages 4 through 7 of Registrant's 1988 Third Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Operating Results

Third quarter 1988 sales of \$356.5 million were up 6.6% from third quarter 1987 sales of \$334.4 million. Continued strength in the Industrial business segment yielded virtually all of the increase in sales. In the Aerospace business segment, increased commercial activity continued to offset the declining military market.

Pre-tax earnings of \$32.8 million for the third quarter of 1988 increased \$8.6 million from the 1987 third quarter results of \$24.2 million. The increased pre-tax earnings are the result of higher sales in the Industrial business segment, and lower marketing, engineering, and administrative expenses in the Aerospace business segment.

Net earnings for the third quarter of 1988 were \$20.4 million, compared to \$14.5 million for the third quarter of 1987. Earnings per share for the third quarter of 1988 were \$1.10 compared to \$.77 for the third quarter of the prior year.

Sales for the first nine months of 1988 were \$1,057.1 million, an increase of 7.1% over sales of \$987.4 million for the first nine months of 1987. Continued strength in the Industrial business segment yielded virtually all of the increase in sales. In the Aerospace business segment, increased commercial activity continued to offset the declining military market.

Unfilled orders increased from \$1,048.6 million at December 31, 1987 to \$1,184.5 million at September 30, 1988. Incoming orders for both the Industrial and Aerospace business segments for the third quarter and first nine months of 1988 were materially higher than orders for the same periods of 1987. Industrial business segment orders for the third quarter of 1988 maintained the levels of the first and second quarter

orders. Incoming order rates for the Aerospace business segment in the third quarter of 1988 were materially higher than first and second quarter order rates.

Pre-tax earnings for the first nine months of 1988 were \$7.5 million. Pre-tax earnings for the first nine months of 1988 include the effect of a \$75.7 million second quarter increase in the Registrant's provision for the resolution of government contracts disputes. Excluding the effect of the increase in the provision, pre-tax earnings for the first nine months of 1988 were \$83.2 million, an increase of 11.0% over the first nine months of 1987 pre-tax earnings of \$75.0 million.

Net earnings for the first nine months of 1988 were \$3.9 million, equivalent to \$.21 per share, including the effect of the Registrant's second quarter increase in its provision for the resolution of government contracts disputes. This provision amounted to \$48.6 million after income taxes, equivalent to \$2.63 per share. Excluding the effect of the increase in the provision, net earnings for the first nine months of 1988 were \$52.5 million, an increase of \$16.7% over net earnings of \$45.0 million for the same period in 1987. Earnings per share for the first nine months of 1988 before the provision were \$2.84, an increase of 13.3% over earnings per share of \$2.40 for the same period in 1987.

On January 21, 1988, the Registrant forecasted sales for the calendar year of \$1,475 million and earnings per share of \$4.20, subject to the uncertainties associated with the ongoing government contracts disputes. As a result of the increase in the provision for the resolution of government contracts disputes, the Registrant revised its earnings forecast on July 22, 1988 for calendar year 1988 to \$1.70 per share, equivalent to net earnings of \$31.5 million, subject to continuing uncertainties associated with ongoing government contracts disputes. The sales forecast is unchanged.

Financial Condition

On September 30, 1988, cash and cash equivalents were \$12.5 million, a decrease of \$1.0 million from December 31, 1987. Total debt of \$308.9 million on September 30, 1988, decreased \$33.0 million from December 31, 1987.

Decreased debt resulted in a ratio of total debt to capital of 34.9% at September 30, 1988 compared to 36.5% at year end 1987.

Net funds provided by operating activities of \$84.5 million for the first nine months of 1988 increased \$21.8 million from the first nine months of 1987. Working capital increased \$53.8 million during the first nine months of 1988 compared to an increase of \$62.6 million during the first nine months of 1987.

In addition to dividends totaling \$1.35 per common share paid during the first three quarters of 1988, the Registrant has declared a fourth

quarter dividend of \$.45 per common share payable on December 12, 1988, to stockholders of record at the close of business on November 28, 1988.

As of November 3, 1988, Registrant amended its existing Credit Agreements providing a credit line of \$1,095.0 million. Among other things, the amendments modified existing limitations with respect to the payment of dividends and repurchase of stock so that after January 1, 1988 the Registrant's cumulative cash dividends and stock repurchases are limited to the sum of \$100.0 million plus 70% of Registrant's net earnings available to common shareholders for each fiscal year after December 31, 1987 minus 100% of Registrant's net losses for each fiscal year after December 31, 1987 plus 25% of the net cash proceeds of any stock, including variable rate preferred stock, issued after December 31, 1987 minus any cash proceeds arising from the issuance of variable rate preferred stock which is redeemed. The foregoing limitation on dividends and stock repurchases will not be applicable to either the redemption or dividends paid on up to \$100.0 million of any variable rate preferred stock.

As a result of the second quarter 1988 increase of \$75.7 million in the provision for the resolution of government contracts disputes, the Registrant's Balance Sheet at September 30, 1988 includes provisions totaling \$130.0 million in connection with these matters. On October 26, 1988 a payment was made to the government resulting in a \$82.0 million charge to the provision. The Registrant expects that approximately \$28.0 million of this provision which includes fines, penalties, and anticipated legal fees will be paid out within the next twelve months.

Officer Changes

At its meeting on July 21, 1988, the Board of Directors of Registrant accepted the resignation of Ted Ross, effective as of July 8, 1988, as the Vice President of Finance and Secretary. At this meeting the Board also elected Richard M. Schilling, Vice President and General Counsel of Registrant, to the additional position of Secretary, elected Paul Donovan to the position of Treasurer, and appointed Don R. O'Hare, Vice Chairman of Registrant, to the position of Chief Financial Officer during the period the position of Vice President of Finance remains vacant.

In a special meeting of the Board of Directors of Registrant held on October 4, 1988, Bernard W. Kittle, Group Vice President of Registrant's Advanced Technology Group was placed on administrative leave, and A. Adrian Kemper, Controller of Registrant, was removed as Controller and appointed as Assistant Controller for Registrant's Industrial Products segment.

At its meeting on October 20, 1988, the Board of Directors of Registrant accepted effective as of December 1, 1988, the resignation of David MacMorris as a Director of Registrant. Mr. MacMorris on December 1, 1988, will also retire from the position of Executive Vice President. At this meeting the Board also elected Stanley F. Moeschl to the

corporate position of Group Vice President, Sundstrand Data Control, elected Bernard L. Weiss to the corporate position of Vice President, Contracts and Compliance, and ratified the appointment of DeWayne Fellows, Controller, Aerospace Products, as the acting chief accounting officer of Registrant.

Government Contract Disputes

As described under the caption "Legal Proceedings", all outstanding criminal investigations of the Registrant and its subsidiaries have been resolved. The total of \$127.3 million payable in connection with these matters is within the amounts previously reserved by the Registrant to meet these liabilities.

In October 19, 1988, the Registrant received notice from the Defense Logistics Agency (DLA) that the Registrant and its principal subsidiaries had been temporarily suspended from government contracting and government-approved subcontracting. While the suspension is in effect, the federal government will neither solicit offers from nor award contracts to the Registrant, nor will the federal government renew or extend existing contracts, nor grant approval of subcontracts requiring government approval, unless the head of the contracting agency states in writing the compelling reason for doing business with the Registrant in a particular case.

As a consequence of its temporary suspension from government contracting, the federal government has invalidated the facility security clearances of the Registrant's principal operating units. The effect of this is to render the Registrant ineligible for access to any new classified contracts or, except as set forth below, new classified information. The action also places within the discretion of the government contracting administrative officer on an existing classified contract the determination as to whether the Registrant will be allowed to continue to possess classified information associated with that contract and to receive additional classified information necessary to complete the contract.

In addition, as a result of the DLA's action in suspending the Registrant from government contracting, the Registrant is unable to obtain from the Office of Munitions Control of the U.S. State Department export licenses for defense related products which are subject to control.

On November 2, 1988, certain organizational units of the Registrant received written notification from the DLA that their disclosure statements describing the cost accounting practices used in performing government contracts, as required by federal government contracting regulations, did not adequately describe such practices. As a result, none of these organizational units may be awarded any negotiated government contract or subcontract in excess of \$100,000 until all of its disclosure statements describing its cost accounting practices are determined to be adequate, or a contracting officer waives this requirement in a particular case. As an additional consequence of this action, the DLA could cause progress payments on existing government contracts to be discontinued, in whole or in part. Presently, the

Registrant is continuing to receive progress payments in the normal course of business. If the DLA discontinues paying a substantial portion of progress payments as they become due, the impact on the Registrant would be material. The determination respecting the disclosure statements describing the cost accounting practices of certain of the Registrant's organizational units and the effects of that determination are independent of the DLA's action in temporarily suspending the Registrant from government contracting as described above, and will remain in effect until a determination has been made that the indicated cost accounting practices disclosure statements are adequate.

The Registrant is working with appropriate DLA officials to ensure that they have confidence in the Registrant's present responsibility as a government contractor. The Registrant has implemented a vigorous and comprehensive program to ensure compliance with requirements for doing business with the federal government and believes that the actions taken and the changes made to date demonstrate that the Registrant is a presently responsible government contractor. The Registrant's efforts are focused on having its suspension from government contracting lifted at the earliest possible time.

However, the Registrant is unable to predict when its suspension from government contracting will be lifted, or whether the Registrant will subsequently be debarred from government contracting for a period of time. The Registrant anticipates that the invalidation of its facility security clearances and its inability to obtain export licenses for defense related products subject to control will end following the termination of any suspension or debarment of the Registrant. The Registrant is unable to predict when a determination will be made that the disclosure statements relating to the cost accounting practices of certain organizational units will be found to be adequate and the resulting contracting restriction lifted and, if imposed, the discontinuance of progress payments ended.

The temporary suspension from government contracting described above prohibits the award of future government contracts to the Registrant, but does not invalidate or alter government contracts previously awarded. The Registrant cannot quantify the impact of the temporary suspension on its future operations. The Registrant believes that to date no government contract which would have been material to the Registrant and on which the Registrant bid or on which, as a result of the temporary suspension, it was unable to bid, has been awarded. Since the Registrant cannot predict when the suspension from government contracting will be lifted or whether it will be debarred from government contracting for a period of time, it is not able to quantify the value of contracts which might have been awarded to it if it were eligible for government contracting and whether the effects of this lost business would be material to the Registrant.

Other governmental actions described above have not, to date, materially affected the Registrant's existing business, although the potential

limitation on the Registrant's ability to retain and receive additional classified information necessary to the completion of existing government contracts, if imposed, or restrictions on the Registrant's ability to obtain export licenses for defense related products subject to control, could have a materially adverse effect on the Registrant's business. The Registrant cannot predict the extent to which such government actions will be taken against the Registrant.

For the nine months ended September 30, 1988, military sales, which are primarily sales to the U.S. government by the Registrant's aerospace segment, contributed approximately 31 percent of the Registrant's sales, as compared to 41 percent for the nine months ended September 30, 1987. The proportion of the Registrant's sales related to the military has remained relatively even in recent years, with 38 percent in fiscal 1985, 41 percent in 1986, and 42 percent in 1987. The Registrant has previously indicated that projected aerospace sales would be higher in 1988 than in 1987, with an expected increase in commercial sales more than offsetting the expected drop in military sales. Management anticipates that this trend will continue into the foreseeable future irrespective of the length of time that the above described government actions affect the Registrant's ability to obtain and perform government contracts. The impact of such government actions, however, could materially accelerate this trend.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Resolution of Government Contracts Investigations

On October 19, 1988, a subsidiary of the Registrant, Sundstrand Data Control, Inc. ("SDC") pleaded guilty in federal district court for the Western District of Washington to one charge of mischarging on government contracts. On October 21, 1988, the Registrant pleaded guilty in federal district court for the Northern District of Illinois to four charges arising from mischarging on government contracts, entertainment of government officials, and a related tax matter. These pleas resolved all outstanding criminal investigations of the Registrant and its subsidiaries.

The Registrant has agreed to pay the federal government a total of \$115.0 million in connection with the resolution of the action in the Northern District of Illinois and related civil and administrative claims. Of this amount, \$82.0 million has been paid, and the remaining \$33.0 million will be paid in annual installments of \$11.0 million which will be due by August 29 of each of the next three years. SDC has paid the federal government \$1.0 million in fines, damages and penalties to resolve the action in the Western District of Washington. In February 1988, SDC paid \$11.3 million to settle administratively all major outstanding government accounting disputes involving SDC. The total of \$127.3 million payable in connection with these matters is within the amounts previously reserved by the Registrant to meet these liabilities.

The Registrant and SDC have agreed to cooperate with federal authorities in any continuing grand jury investigation of individuals. In addition as part of the Registrant's own internal review of these matters, the Registrant has taken administrative action with respect to two corporate officers and a division officer. Additional administrative action has been taken with respect to several other employees.

On August 27, 1988, the Registrant's Board of Directors also formed a special committee of outside directors to investigate on behalf of the Registrant, the events that were the subjects of the grand jury investigations. This special committee will consider the need for further action by the Registrant in connection with these matters. The special committee has retained as its legal counsel the Honorable Philip W. Tone, formerly a judge on the United States Court of Appeals for the Seventh Circuit and now a senior partner in the law firm of Jenner & Block.

Continuing Government Contract Disputes

As previously disclosed, the Registrant has received determination letters alleging noncompliance with Cost Accounting Standards and Federal Acquisition Regulations seeking recovery for misallocated costs plus interest for the years 1981 through 1985. A portion of the amount claimed under these determination letters was resolved in connection with the resolution of the actions referred to above. Under these determination letters, the government is continuing to pursue claims of approximately \$39.2 million of misallocated costs plus interest. If the government were to prevail on the remaining claims made in these determination letters, the amounts owed by the Registrant could

materially exceed \$39.2 million plus interest, since years other than those covered by the government's determination letters may contain similar alleged noncompliances. Other government contracts disputes exist on which determination letters have not been received by the Registrant. The amounts the government might accept to resolve these disputes, including those covered in the determination letters, could exceed the amounts previously reserved by the Registrant, and such resolution could have a materially adverse effect on earnings. The Registrant is in the process of attempting to resolve these disputes through the normal channels provided for resolution of such differences.

Shareholder Derivative Actions

Six shareholder derivative actions have been filed which purport to have been brought on the Registrant's behalf. The actions, five of which have been filed in federal district court for the Northern District of Illinois, and one of which was filed in Delaware Chancery Court, also name as defendants the directors and, in the case of the federal actions, certain present or former officers of the Registrant. The actions seek damages from the individual defendants in connection with the events associated with the grand jury investigations of the Registrant. The Registrant is currently reviewing the allegations made in these actions, and has obtained an extension of time to respond to the Delaware action.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

(4) Instruments Defining the Rights of Security Holders, including Indentures

- (a) Substantially identical Amendments No. 1 to Credit Agreements dated as of November 3, 1988 between Registrant and five banking institutions.

(19) Previously unfiled documents

- (a) Amendment to Employment Agreement dated August 9, 1988 between Registrant and Evans W. Erikson, Registrant's Chairman.
- (b) Amendment to Employment Agreement dated August 9, 1988 between Registrant and Harry C. Stonecipher, Registrant's President.

(20) 1988 Third Quarter Results.

(b) Reports on Form 8-K

No report on Form 8-K has been filed during the quarter ended September 30, 1988.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Sundstrand Corporation
(Registrant)

Date: November 11, 1988

/s/ Richard M. Schilling
Richard M. Schilling
Vice President and General Counsel
and Secretary

Date: November 11, 1988

/s/ Don R. O'Hare
Don R. O'Hare
Vice Chairman of the Board and
Chief Financial Officer

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended June 30, 1988

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4949 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X. No ____.

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at July 22, 1988</u>
Common Stock, par value \$1.00 per share	18,479,609

SUNDSTRAND CORPORATION
FORM 10-Q
For the Quarter Ended June 30, 1988

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The information is set forth on pages 2 through 5 of Registrant's 1988 Second Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of operations and financial condition for the quarter and six months ending June 30, 1988, as compared to operating results for the quarter and six months ending June 30, 1987, and the balance sheet at December 31, 1987, are discussed below, and should be read in conjunction with the Registrant's Annual Report on Form 10-K for the year ended December 31, 1987 and the financial data and commentary presented on pages 2 through 5 of Registrant's 1988 Second Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Operating Results

Second quarter 1988 sales of \$352.9 million were up 8.4% from second quarter 1987 sales of \$325.4 million. Continued growth in the Industrial business segment yielded virtually all of the increase in sales.

During the second quarter of 1988, the Registrant's results included an increase in its provision for the resolution of pending government contracts disputes. The increase to the provision amounted to \$75.7 million before income taxes which resulted in a pre-tax loss for the second quarter of 1988 of \$48.8 million. Excluding the effect of the increase in the provision, pre-tax earnings for the second quarter of 1988 were \$26.9 million compared to \$22.5 million for the second quarter of 1987. The before provision increase in the pre-tax earnings during the second quarter was caused by higher sales and stronger margins in the Industrial business segment, partially offset by an increase in net interest cost.

The increase in the provision for the resolution of government contracts disputes amounted to \$48.6 million after income taxes, the equivalent of \$2.63 per share. This resulted in a net loss for the second quarter, 1988 of \$31.5 million, equivalent to \$1.70 per share. Excluding the effect of the increase in the provision, net earnings for the second quarter of 1988 were \$17.1 million, an increase of 26.4% over second quarter 1987 net earnings of \$13.5 million. Earnings per share for the second quarter of 1988 before the provision were \$.93, an increase of 29.1% over second quarter 1987 earnings per share of \$.72. The before provision increase in net earnings and earnings per share during the second quarter of 1988 were the result of higher pre-tax earnings and a drop in the effective tax rate due to the 1986 Tax Reform Act.

Sales for the first six months of 1988 were \$700.6 million, an increase of 7.3% over sales of \$653.1 million for the first six months of 1987. Continued growth in the Industrial business segment yielded virtually all of the increase in sales.

Unfilled orders increased from \$1,048.6 million at December 31, 1987 to \$1,088.3 million at June 30, 1988. Incoming orders for both the Industrial and Aerospace business segments for the first six months of 1988 were materially higher than in the same period of 1987. The increase in Aerospace order rates during 1988 was partially due to a temporary hold on military orders in the second quarter of 1987 which orders were released in the third quarter of 1987.

The pre-tax loss including the effect of the increase in the provision for the first six months was \$25.3 million. Excluding the effect of the increase in the provision, pre-tax earnings for the first six months of 1988 were \$50.4 million, compared to \$50.8 million for the first six months of 1987.

The net loss including the effect of the increase in the provision for the first six months of 1988 was \$16.5 million, the equivalent of \$.89 per share. Excluding the effect of the increase in the provision, net earnings for the first six months of 1988 were \$32.1 million, an increase of 5.1% over net earnings of \$30.5 million for the first six months of 1987. Earnings per share for the first six months of 1988 before the provision were \$1.74, an increase of 6.7% over earnings per share of \$1.63 for the same period of 1987. The increase in the first half 1988 net earnings is the result of a drop in the effective tax rate due to the 1986 Tax Reform Act.

On January 21, 1988, the Registrant forecasted sales for the calendar year of \$1,475 million and earnings per share of \$4.20, subject to the uncertainties associated with the ongoing government contracts disputes. As a result of the increase in the provision for the resolution of pending government contracts disputes, the Registrant revised its earnings forecast on July 22, 1988 for calendar year 1988 to \$1.70 per share, equivalent to net earnings of \$31.5 million. Excluding the effect of the increase in the provision, the Registrant's 1988 earnings forecast of \$4.20 per share would not have changed. The sales forecast is unaffected.

Financial Condition

On June 30, 1988, cash and cash equivalents were \$13.1 million, a decrease of \$0.4 million from December 31, 1987. Total debt of \$347.4 million on June 30, 1988, increased \$5.5 million from December 31, 1987.

Working capital demands caused total debt to rise, and the second quarter loss resulting from the increase in the provision for resolution of government contracts disputes caused total equity to decrease which resulted in a ratio of total debt to total capital of 38.1% at June 30, 1988 compared to 36.5% at year end 1987.

In addition to a dividend of \$.90 per share paid during the first two quarters, the Registrant has declared a third quarter dividend of \$.45 per share payable on September 20, 1988, to stockholders of record at the close of business on September 6, 1988.

Net funds of \$26.8 million were provided by operating activities during the first six months of 1988 compared to net funds of \$46.7 million provided by operating activities during the first six months of 1987. Working capital increased \$64.2 million during the first two quarters of 1988 compared to an increase of \$36.9 million during the first two quarters of 1987.

As of June 15, 1988, Registrant entered into Credit Agreements with eleven banking institutions providing a credit line of \$1,095 million. These agreements contain provisions which limit Registrant's cumulative cash dividends and stock repurchases after December 31, 1987, to the sum of \$100 million plus 70% of Registrant's net earnings for each fiscal year after such date minus 100% of Registrant's net losses for each fiscal year after such date plus 25% of the net cash proceeds of any stock issuance after such date.

As a result of the second quarter, 1988 increase of \$75.7 million in the provision for the resolution of pending government contracts disputes, the Registrant's Balance Sheet at June 30, 1988 includes a provision totaling \$130.0 million in connection with these matters. The Registrant expects that approximately \$100.0 million of this provision which includes damages, fines, penalties, and anticipated legal fees will be paid out within the next twelve months.

Government Contracts Disputes

As discussed in more detail herein under the caption "Legal Proceedings," Registrant and the government are in the process of resolving various ongoing disputes relating to Registrant's government contracts business. In this regard, Registrant has increased its provision for the resolution of these disputes by \$75.7 million.

In connection with Registrant's commitment to maintaining and improving its relationship with the government, Registrant has already made substantial changes in its policies, practices and procedures. Registrant anticipates that additional changes will be made as a condition of Registrant's ability to continue to do business with the government. At this time, it is not possible to anticipate whether such changes will have a material financial or competitive impact on Registrant.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

As previously disclosed, Registrant has received determination letters alleging noncompliance with Cost Accounting Standards and Federal Acquisition Regulations claiming approximately \$102.9 million of misallocated costs plus interest for the years 1981 through 1985. If the government were to prevail in the claims made in these determination letters, the amounts owed by Registrant could materially exceed \$102.9 million plus interest, since years other than those covered by the government's determination letters may contain similar alleged noncompliances. Other government contracts disputes exist on which determination letters have not been received by Registrant.

Also as previously disclosed, Registrant is the subject of investigations by federal grand juries in the Northern District of Illinois and the Western District of Washington. These investigations involve the Registrant's accounting practices in connection with government contracts and tax matters. The government has advised that it intends to charge Registrant with criminal violations in both districts. In addition, the U.S. Attorney for the Northern District of Illinois has advised a number of present and former employees, including officers of the Registrant, that he anticipates that they will be named as defendants. As a result of such charges against it, Registrant could be suspended from eligibility for awards of new government contracts. Registrant is in the process of settling both actions. Such settlements could result in Registrant's debarment from eligibility for awards of new government contracts for a period of time and in the payment of materially adverse damages, fines and penalties. Registrant is also engaged in efforts to avoid or minimize the extent of any suspension or debarment. The details of these efforts are of necessity, and with the concurrence of the government agencies involved, confidential.

In this context, Registrant's financial statements for the quarter ended June 30, 1988, reflect an increase of \$75.7 million in its provision for the resolution of pending government contracts disputes, including damages, fines, penalties, and anticipated legal fees. As of June 30, 1988, Registrant's financial statements reflect provisions totaling \$130.0 million in connection with these matters.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

- (4) Instruments Defining the Rights of Security Holders, including Indentures.

(a) Substantially identical Credit Agreements dated as of June 15, 1988 between Registrant and eleven banking institutions.

- (20) 1988 Second Quarter Results.

(a) 1988 Second Quarter Results

(b) Reports on Form 8-K

No report on Form 8-K has been filed during the quarter ended June 30, 1988.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Sundstrand Corporation
(Registrant)

Date August 12, 1988

/s/ Richard M. Schilling
Richard M. Schilling
Vice President and General Counsel
and Secretary

Date August 12, 1988

/s/ A. Adrian Kemper
A. Adrian Kemper
Controller

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549



FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1988

Commission file number 1-5358

Sundstrand Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

36-1840610

(I.R.S. Employer
Identification No.)

4949 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X. No ____.

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at April 25, 1988</u>
Common Stock, par value \$1.00 per share	18,480,859

SUNDSTRAND CORPORATION

FORM 10-Q
For the Quarter Ended March 31, 1988

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The information is set forth on pages 2 through 5 of Registrant's 1988 First Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of operations and financial condition for the quarter ending March 31, 1988, as compared to operating results for the first quarter of 1987, and the balance sheet at December 31, 1987, are discussed below, and should be read in conjunction with the Registrant's Annual Report on Form 10-K for the year ended December 31, 1987 and the financial data and commentary presented on pages 2 through 5 of Registrant's 1988 First Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Operating Results

First quarter 1988 sales of \$347.7 million were up 6.1% from first quarter 1987 sales of \$327.7 million. Continued growth in the Industrial business segment was primarily responsible for the increase in sales.

Unfilled orders decreased from \$1,048.6 million at December 31, 1987 to \$1,040.7 million at March 31, 1988 due to reductions in the Aerospace business segment partially offset by increases in the Industrial business segment. Incoming orders for the Industrial business segment for the first quarter of 1988 continued to build on the improvement that occurred during the second half of 1987 and were materially higher than in the first quarter of 1987. Orders for the Aerospace business segment for the first quarter of 1988 were slightly higher than in the first quarter of 1987.

Earnings before taxes for the first quarter of 1988 were \$23.5 million, compared to \$28.3 million for the first quarter of 1987. The decrease in earnings is the result of reduced margins in the Aerospace business segment partially offset by higher operating profits in the Industrial business segment. Aerospace margins were lower because of a shift in product mix and higher manufacturing costs incurred during the continuing implementation phase of its focused manufacturing strategy.

Income taxes for the first quarter of 1988 were \$8.5 million compared to \$11.3 million for the same period in 1987. This decrease was the result of lower pre-tax earnings combined with a drop in the effective tax rate due to the 1986 Tax Reform Act.

First quarter 1988 net earnings were \$15.0 million, compared to 1987 first quarter net earnings of \$17.0 million. Earnings per share for the first quarter of 1988 were \$.81 compared to \$.91 for the first quarter of 1987.

On January 21, 1988, the Registrant publicly forecasted 1988 sales to be \$1,475 million as compared to 1987 sales of \$1,365.5 million. Earnings per share for 1988 were forecasted to be \$4.20, an increase of 127.0% from 1987 earnings per share of \$1.85. The Registrant confirmed the forecasts at its Annual Meeting of Stockholders on April 21, 1988. The earnings forecast for 1988 does not take into account the uncertainties associated with the Registrant's ongoing government contracts disputes. Information regarding such government contracts disputes is set forth under the caption "Government Contracts Disputes" on page 5 of Registrant's 1988 First Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Financial Condition

On March 31, 1988, cash and cash equivalents were \$11.8 million, a decrease of \$1.7 million from December 31, 1987.

Cash demands caused total debt to rise at a rate greater than total equity which resulted in a ratio of total debt to total capital of 36.8% at March 31, 1988 compared to 36.5% at year end 1987.

In addition to a dividend of \$.45 per common share paid during the first quarter of 1988, the Registrant has declared a second quarter dividend of \$.45 per common share payable on June 20, 1988, to stockholders of record at the close of business on June 6, 1988. The first quarter dividend payment represents 55.4% of 1988 first quarter after-tax earnings.

Net funds of \$1.1 million were used for operating activities during the first quarter of 1988 compared to net funds of \$57.5 million provided by operating activities during the first quarter of 1987. Accounts receivable increased during the first quarter of 1988 primarily as a result of increased sales within the Registrant's Industrial business segment. The decrease in inventories and the decrease in accrued expenses during the first quarter of 1988 are the result of balance sheet reclassifications made relative to the Aerospace loss provision of \$34.2 million included in other accrued liabilities at December 31, 1987.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Information relating to changes during the first quarter of 1988 regarding government contracts disputes is set forth in the first paragraph under the caption "Government Contract Disputes" on Page 5 of Registrant's 1988 First Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Item 4. Submission of Matters to a Vote of Security Holders

Registrant's Annual Meeting was held on April 21, 1988. A stockholder proposal which would have required the Registrant to discontinue business activity in South Africa failed to receive the necessary votes for approval. 2,193,051 shares were voted for the proposal, 9,228,269 shares were voted against and 938,800 shares abstained from voting.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

(20) and (23) 1988 First Quarter Results.

(b) Reports on Form 8-K

No report on Form 8-K has been filed during the quarter ended March 31, 1988.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Sundstrand Corporation
(Registrant)

Date May 10, 1988

/s/ Ted Ross
Ted Ross
Vice President of Finance and Secretary

Date May 10, 1988

/s/ A. Adrian Kemper
A. Adrian Kemper
Controller

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549



FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended September 30, 1987

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X. No .

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at October 23, 1987</u>
Common Stock, par value \$1.00 per share	18,769,660

SUNDSTRAND CORPORATION

FORM 10-Q
For the Quarter Ended September 30, 1987

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The information is set forth on pages 4 through 7 of Registrant's 1987 Third Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of operations and financial condition for the quarter and nine months ending September 30, 1987, as compared to operating results for the quarter and nine months ending September 30, 1986, and the balance sheet at December 31, 1986, are discussed below, and should be read in conjunction with the Registrant's Annual Report on Form 10-K for the year ended December 31, 1986 and the financial data and commentary presented on pages 4 through 7 of Registrant's 1987 Third Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Operating Results

Total sales for the third quarter of 1987 were \$334.4 million, down 4.0% from third quarter 1986 sales of \$348.5 million. Third quarter 1986 sales included \$27.7 million for the Sundstrand Hydraulic Power Systems business, which business is not consolidated in 1987. That business, now part of a joint venture under the Sundstrand-Sauer name, is accounted for on an equity basis. After deducting Hydraulic Power Systems sales from the Registrant's 1986 third quarter consolidated sales, the Industrial business segment reported third quarter 1987 improvement over 1986 third quarter sales. Aerospace business segment sales were flat in the 1987 third quarter compared to the 1986 third quarter.

Pre-tax earnings of \$24.2 million for the third quarter of 1987 decreased \$7.4 million from the 1986 third quarter results of \$31.6 million. Decreased earnings in the Aerospace business segment caused by higher research and development expenses, and increased legal, administrative and net interest expense associated with Registrant's government contracts disputes were partially offset by improved profit margins in the Industrial segment businesses.

Third quarter 1987 net earnings of \$14.5 million and earnings per share of \$.77 decreased 28.0% from the third quarter of 1986, which were \$20.1 million and \$1.07, respectively. These decreases were the result of lower pre-tax earnings in addition to a higher effective tax rate of 40.2% in 1987 compared to 36.3% in 1986.

Sales for the first nine months of 1987 were \$987.4 million compared to \$1,036.3 million for the first nine months of 1986. First nine months sales for 1986 included \$90.1 million for the Sundstrand Hydraulic Power Systems business. After deducting Hydraulic Power Systems sales from the 1986 consolidated first nine months, both the Industrial segment and the Aerospace segment reported modest increased 1987 first nine months sales over the comparable period for 1986.

Unfilled orders increased from \$1,012.0 million at December 31, 1986 to \$1,017.8 million at September 30, 1987. Excluded from unfilled orders at December 31, 1986 were \$54.1 million for the Hydraulic Power Systems business. Incoming order rates for the Industrial business segment for the first nine months of 1987 increased over the rates for the comparable period of the prior year after exclusion of Hydraulic Power Systems business. Incoming order rates for the Aerospace business segment for the first nine months of 1987 were flat compared to the same period in 1986.

Pre-tax earnings for the first nine months of 1987 were \$75.0 million, compared to \$90.2 million for the first nine months of 1986. Decreased earnings in the Aerospace business segment caused by higher research and development expenses, and increased legal, administrative, and net interest expense associated with government contracts disputes were partially offset by improved profit margins in the Industrial segment businesses.

Net earnings for the first nine months of 1987 were \$45.0 million as compared to \$56.9 million for the first nine months of 1986. This decrease was due to lower pre-tax earnings and a higher year-to-date effective tax rate for 1987 of 40.0% compared to 36.9% for the first nine months of 1986. Earnings per share for the first nine months of 1987 were \$2.40 versus \$3.04 for the first nine months of 1986.

On April 16, 1987, the Registrant publicly announced 1987 forecasted sales to be \$1,375 million as compared to 1986 sales of \$1,433.9 million. The 1986 sales included \$119.4 million for the Registrant's Hydraulic Power Systems business, which is not being consolidated in 1987. Through the first nine months of 1987, the Registrant is on target for achieving its 1987 sales forecast. The increase in forecasted 1987 sales after adjusting 1986 sales for Hydraulic Power Systems is due to modest increases in Industrial segment and commercial aerospace sales while military aerospace sales are expected to flatten during 1987.

Financial Condition

On September 30, 1987, cash and cash equivalents were \$12.8 million, a decrease of \$3.5 million from December 31, 1986. Total debt of \$361.2 million on September 30, 1987 increased \$44.0 million from December 31, 1986.

Negative cash flow during the first nine months resulted in a ratio of total debt to total capital of 36.6% at September 30, 1987 as compared to 34.4% at year end 1986.

Net funds provided by operating activities of \$29.9 million for the first nine months of 1987 decreased \$90.1 million from the first nine months of 1986. Working capital increased \$96.5 million during the first nine months of 1987 compared to an increase of \$17.4 million during the first nine months of 1986.

In addition to dividends totaling \$1.35 per common share paid during the first three quarters of 1987, the Registrant has declared a fourth quarter dividend of \$.45 per share payable on December 11, 1987 to stockholders of record at the close of business on November 25, 1987. Dividends paid represent 56.3% of 1987 first nine months after-tax earnings.

On October 28, 1987 the Registrant's Board of Directors authorized the repurchase of up to \$100 million in aggregate market value of shares of the Registrant's common stock in the open market, from time to time, at prevailing prices. Shares repurchased will be held by Registrant as treasury shares.

PART II - OTHER INFORMATION

Item 5. Other Information

The Registrant has decided to discontinue its unprofitable Ring Laser Gyro business. Accordingly, the Registrant expects to record a provision during the fourth quarter, 1987 of approximately \$15.0 million before taxes and \$8.5 million after income taxes (\$0.45 per share).

The Registrant entered the Ring Laser Gyro business in 1982 in anticipation of growth in the general aviation market for navigational equipment, in which Registrant had long been a leader. Since then, the general aviation market has suffered an extensive decline and has shown no evidence of recovery. As a result, the Registrant has decided to exit the Ring Laser Gyro business.

The Registrant's Ring Laser Gyro business is the subject of a lawsuit brought by Litton Systems against Registrant and Allied-Signal Corporation, charging patent infringement and trade secret misuse and seeking injunctive relief and unspecified damages. Allied-Signal Corporation, which is a licensee of the Registrant with respect to its Ring Laser Gyro business, has a contractual indemnity arrangement with Registrant with respect to the litigation. While management cannot predict the outcome of the lawsuit or state whether any adverse outcome would have a material effect on the results of Registrant's operations, Registrant is vigorously defending this litigation.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

(20) 1987 Third Quarter Results.

(b) Reports on Form 8-K

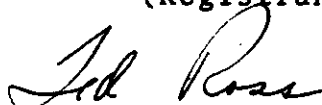
No report on Form 8-K has been filed during the quarter ended September 30, 1987.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Sundstrand Corporation
(Registrant)

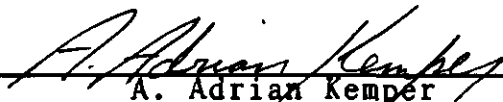
Date November 12, 1987



Ted Ross

Vice President of Finance and Secretary

Date November 12, 1987



A. Adrian Kemper
Controller

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549



FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended June 30, 1987

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X . No .

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at July 23, 1987</u>
Common Stock, par value \$1.00 per share	18,769,660

SUNDSTRAND CORPORATION

FORM 10-Q
For the Quarter Ended June 30, 1987

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The information is set forth on pages 4 through 7 of Registrant's 1987 Second Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of operations and financial condition for the quarter and six months ending June 30, 1987, as compared to operating results for the quarter and six months ending June 30, 1986, and the balance sheet at December 31, 1986, are discussed below, and should be read in conjunction with the Registrant's Annual Report on Form 10-K for the year ended December 31, 1986 and the financial data and commentary presented on pages 4 through 7 of Registrant's 1987 Second Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Operating Results

Total sales for the second quarter of 1987 were \$325.4 million, down 5.2% from second quarter 1986 sales of \$343.3 million. Second quarter 1986 sales included \$31.5 million for the Sundstrand Hydraulic Power Systems business, which business was not consolidated in 1987. That business, now part of a joint venture under the Sundstrand-Sauer name, is accounted for on an equity basis. After deducting Hydraulic Power Systems sales from the Registrant's 1986 second quarter consolidated sales, Industrial segment sales were flat in the 1987 second quarter compared to the 1986 second quarter. The Aerospace business segment reported second quarter 1987 improvement over 1986 second quarter sales, albeit less than expected due to the delay of shipments resulting from a four-week strike that ended July 5, 1987, at the Registrant's Rockford facilities.

Pre-tax earnings of \$22.5 million for the second quarter of 1987 decreased \$8.6 million from the 1986 second quarter results of \$31.1 million. Earnings were less than expected due to the strike in the Aerospace segment and were further reduced by higher Aerospace Company-funded research and development expenses. Earnings also reflect additional legal, administrative, and net interest expense associated with the Registrant's government contracts disputes.

Second quarter 1987 net earnings of \$13.5 million and earnings per share of \$.72 decreased 31.4% from the second quarter of 1986, which were \$19.7 million and \$1.05, respectively. These decreases were the result of lower pre-tax earnings in addition to a higher effective tax rate of 39.9% in 1987 compared to 36.6% in 1986.

Sales for the first six months of 1987 were \$653.1 million compared to \$687.8 million for the first six months of 1986. First six months sales for 1986 included \$62.4 million for the Sundstrand Hydraulic Power Systems business. After deducting Hydraulic Power Systems sales from the 1986 consolidated first six months, Industrial segment sales were

flat in the first half of 1987 compared to the first half of 1986. The Aerospace business segment reported increased 1987 first six months sales over 1986 first six months sales primarily caused by stronger sales to commercial customers.

Unfilled orders decreased from \$1,013.8 million at December 31, 1986 to \$1,003.6 million at June 30, 1987. This is principally due to a decrease in Aerospace order rates as a result of orders being held by the government until certain pricing matters are resolved. Excluded from unfilled orders at December 31, 1986 were \$52.4 million for the Hydraulic Power Systems business. Incoming order rates for the Industrial business segment for the first six months of 1987 were moderately higher than the rates for the comparable periods of the prior year after exclusion of Hydraulic Power Systems business.

Earnings before taxes for the first six months of 1987 were \$50.8 million, compared to \$58.7 million for the first six months of 1986. This decrease was caused by lower than expected earnings due to the strike in Rockford, higher research and development expenses, and increased legal, administrative, and net interest expense associated with government contracts disputes.

Net earnings for the first six months of 1987 were \$30.5 million as compared to \$36.8 million for the first six months of 1986. This decrease was due to lower pre-tax earnings and a higher year-to-date effective tax rate for 1987 of 39.9% compared to 37.2% for the first half of 1986. Earnings per share for the first six months of 1987 were \$1.63 versus \$1.97 for the first six months of 1986.

On April 16, 1987, the Registrant publicly announced 1987 forecasted sales to be \$1,375 million as compared to 1986 sales of \$1,433.9 million. The 1986 sales included \$119.4 million for the Registrant's Hydraulic Power Systems business, which is not being consolidated in 1987. Through the first six months of 1987, the Registrant is on target for achieving its 1987 sales forecast. The Registrant did not forecast 1987 earnings which it has done in previous years, because of the uncertainty associated with changes in accounting systems and procedures which have been implemented or are in the planning process. It is anticipated that these changes will be largely completed during 1987 and will minimize future disagreements between the Registrant and the government. The Registrant expects to resume forecasting earnings in 1988. The increase in forecasted 1987 sales after adjusting 1986 sales for Hydraulic Power Systems is due to modest increases in Industrial segment and commercial aerospace sales while military aerospace sales are expected to flatten during 1987.

Financial Condition

On June 30, 1987, cash and cash equivalents were \$7.8 million, a decrease of \$8.5 million from December 31, 1986. Total debt of \$342.6 million on June 30, 1987 increased \$25.4 million from December 31, 1986.

Negative cash flow during the first six months resulted in a ratio of total debt to total capital of 35.6% at June 30, 1987 as compared to 34.4% at year end 1986.

Net funds provided by operating activities of \$14.0 million for the first six months of 1987 decreased \$62.4 million from the first six months of 1986. Working capital increased \$70.8 million during the first six months of 1987 compared to an increase of \$17.7 million during the first six months of 1986.

In addition to dividends totaling \$.90 per common share paid during the first half of 1987, the Registrant has declared a third quarter dividend of \$.45 per share payable on September 18, 1987 to stockholders of record at the close of business on September 4, 1987. Dividends paid represent 55.3% of 1987 first six months after-tax earnings.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

During 1983, a complaint was filed in the Circuit Court for Cass County, Michigan by the Attorney General for the State of Michigan against Sundstrand Heat Transfer, Inc., Dowagiac, Michigan, a subsidiary of Registrant. A recent amended complaint joined Registrant as a party. Injunctive relief, penalties and damages are sought. Sundstrand Heat Transfer, Inc. has taken action to eliminate sources of trichloroethelene (TCE) contamination and has installed and is operating equipment which is removing the TCE from its surface water discharge and from the groundwater, thereby meeting all requirements of a preliminary injunction which was issued in 1984. The litigation is still pending before the Cass County Circuit Court.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

(20) 1987 Second Quarter Results.

(b) Reports on Form 8-K

No report on Form 8-K has been filed during the quarter ended June 30, 1987.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Sundstrand Corporation
(Registrant)

Date August 11, 1987

/s/ Ted Ross
Ted Ross
Vice President of Finance and Secretary

Date August 11, 1987

/s/ A. Adrian Kemper
A. Adrian Kemper
Controller



SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1987

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X . No .

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at April 28, 1987</u>
Common Stock, par value \$1.00 per share	18,770,560

SUNDSTRAND CORPORATION
FORM 10-Q
For the Quarter Ended March 31, 1987
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The information is set forth on pages 4 through 7 of Registrant's 1987 First Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of operations and financial condition for the quarter ending March 31, 1987, as compared to operating results for the first quarter of 1986, and the balance sheet at December 31, 1986, are discussed below, and should be read in conjunction with the Registrant's Annual Report on Form 10-K for the year ended December 31, 1986 and the financial data and commentary presented on pages 4 through 7 of Registrant's 1987 First Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Operating Results

First quarter 1987 sales were \$327.7 million, as compared to first quarter 1986 sales of \$344.5 million. First quarter 1986 sales included \$30.9 million for the Sundstrand Hydraulic Power Systems business, which business was not consolidated in 1987. That business, now part of a joint venture under the Sundstrand-Sauer name, is accounted for on an equity basis. After deducting Hydraulic Power Systems sales from the 1986 first quarter, both the Aerospace and Industrial business segments reported first quarter 1987 improvement over 1986. Improvement in the Aerospace segment was primarily caused by stronger sales to commercial customers while improved sales within the Industrial segment were caused by stronger demand for mechanical power transmission equipment and heat transfer surfaces.

Unfilled orders decreased from \$1,013.8 million at December 31, 1986 to \$1,002.3 million at March 31, 1987 due to reduction in military orders in the Aerospace business segment. Excluded from unfilled orders at December 31, 1986 were \$52.4 million for the Hydraulic Power Systems business.

Earnings before taxes for the first quarter of 1987 were \$28.3 million, compared to \$27.5 million in the first quarter of 1986. This increase in earnings was caused by improved gross margins on sales partially offset by increased marketing and administration and net interest costs.

First quarter 1987 net earnings were \$17.0 million, compared to \$17.1 million in the first quarter of 1986. Earnings per share for the first quarter of 1987 were \$.91 compared to \$.92 in the first quarter of the prior year.

On April 16, 1987, the Registrant publicly forecasted 1987 sales to be \$1,375 million as compared to 1986 sales of \$1,433.9 million. The 1986 sales, however, included \$119.4 million for the Registrant's Hydraulic Power Systems business, which business is not being consolidated in 1987 because it is now part of the Sundstrand-Sauer joint venture. The Registrant has decided to not forecast 1987 earnings because of the

uncertainty associated with changes in accounting systems and procedures which have been implemented or are in the planning process. It is anticipated that these changes will be largely completed during 1987 and will minimize future disagreements between the Registrant and the government. The Registrant expects to resume forecasting earnings in 1988. The increase in forecasted 1987 sales after adjusting 1986 sales for Hydraulic Power Systems is due to modest increases in Industrial segment and commercial aerospace sales while military aerospace sales are expected to flatten during 1987.

Financial Condition

On March 31, 1987, cash and cash equivalents were \$12.7 million, a decrease of \$3.6 million from December 31, 1986. Total debt of \$309.8 million on March 31, 1987 decreased \$7.4 million from December 31, 1986.

Positive cash flow during the first quarter resulted in a ratio of total debt to total capital of 33.5% at March 31, 1987 as compared to 34.4% at year end 1986.

Net funds provided by operating activities of \$24.7 million for the first quarter of 1987 decreased \$21.3 million from the first quarter of 1986. Working capital increased \$25.2 million during the first quarter of 1987 compared to an increase of \$1.7 million during the first quarter of 1986.

During the first quarter a dividend of \$.45 per share was paid and a second quarter dividend of \$.45 per share has been declared. The first quarter dividend payment represents 49.6% of first quarter 1987 after-tax earnings.

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

At its 1987 Annual Meeting of Stockholders an amendment to the Registrant's Restated Certificate of Incorporation was approved. Information relating to the amendment is set forth on page 9 of Registrant's 1987 First Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(20) 1987 First Quarter Results.

(b) Reports on Form 8-K

No report on Form 8-K has been filed during the quarter ended March 31, 1987.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Sundstrand Corporation
(Registrant)

Date May 8, 1987

/s/ Ted Ross
Ted Ross
Vice President of Finance and Secretary

Date May 8, 1987

/s/ A. Adrian Kemper
A. Adrian Kemper
Controller



SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended September 30, 1986

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No .

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at October 24, 1986</u>
Common Stock, par value \$1.00 per share	18,759,676

SUNDSTRAND CORPORATION

FORM 10-Q

For the Quarter Ended September 30, 1986

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The information is set forth on pages 4 through 7 of Registrant's 1986 Third Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of operations and financial condition for the quarter and nine months ending September 30, 1986, as compared to operating results for the quarter and nine months ending September 30, 1985, and the balance sheet at December 31, 1985, are discussed below, and should be read in conjunction with the Annual Report on Form 10-K for 1985 and the financial data and commentary presented on pages 4 through 7 of Registrant's 1986 Third Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Operating Results

Total sales for the third quarter of 1986 were \$348.5 million, up 9.8% from third quarter 1985 sales of \$317.4 million. This increase occurred in the Aerospace business segment, while Industrial business segment sales remained flat. The Aerospace business segment reported higher sales due to increased sales from the Turbomach Division which was acquired in July of 1985, and increased sales to both commercial and military customers.

Pre-tax earnings of \$31.6 million for the third quarter of 1986 increased \$1.2 million from the 1985 third quarter results of \$30.4 million, due to an increase in sales partially offset by increases in costs of products sold and marketing and administration expenses. Net earnings of \$20.1 million and earnings per share of \$1.07 increased 5.4% and 3.9%, respectively, for the third quarter of 1986 compared to the third quarter of 1985, which were \$19.1 million and \$1.03, respectively.

Sales for the first nine months of 1986 were \$1,036.3 million, an increase of \$126.5 million or 13.9% above the \$909.8 million for the first nine months of 1985. This sales increase was also attributed to higher sales within the Aerospace business segment to military and commercial customers and the acquisition of Turbomach.

Unfilled orders at September 30, 1986 were \$1,088.0 million, up \$34.1 million from the beginning of the year, due to increased orders in the Aerospace segment of the Registrant's business.

Earnings before taxes of \$90.2 million for the first nine months of 1986 increased \$7.0 million from the previous year's comparable period. This increase in earnings was due to the sales increase partially offset by an increase in cost of products sold and marketing and administration expenses and net interest costs. Net earnings for the first nine months of 1986 were \$56.9 million, up 10.4% from the first nine months of 1985. Earnings per share for the first nine months of 1986 were \$3.04 compared to \$2.79 for the same period in the prior year.

On October 14, 1986, the Registrant publicly announced revision of its 1986 sales forecast from \$1,475 million to \$1,440 million and earnings forecast from \$4.50 per share to \$4.10 per share. In 1985 the Registrant reported sales of \$1,284 million and earnings of \$4.02 per share. The change in the 1986 sales outlook is the result of a lack of recovery in industrial markets. Aerospace markets continue to reflect the strength anticipated in the original forecast. Approximately half of the forecasted earnings decrease results from the 1986 tax bill elimination of the investment tax credit retroactive to January 1, 1986 while the offsetting tax rate reductions do not occur until 1987. The remainder of the forecasted earnings decrease results from lower Industrial segment production levels and a more difficult Industrial segment pricing environment, partially offset by an anticipated earnings increase from the Aerospace segment.

Financial Condition

On May 5, 1986, the Registrant issued \$100 million of 9 3/8% 30-year debentures, the proceeds of which were used to repay short-term indebtedness and for general corporate purposes. As a result of this debenture sale and positive cash flows, cash and cash equivalents were \$62.7 million at September 30, 1986, an increase of \$60.0 million from December 31, 1985, and notes payable at September 30, 1986 were \$6.2 million, a decrease of \$75.7 million from December 31, 1985. The ratio of total debt to total capital was 35.3% at September 30, 1986 as compared to 35.2% at year end 1985.

Net funds provided by operating activities of \$120.0 million for the first nine months of 1986 increased \$44.6 million from the first nine months of 1985. Working capital increased \$17.4 million during the first nine months of 1986 compared to an increase of \$57.8 million during the same period last year.

In addition to dividends totaling \$1.35 per common share paid during the first nine months of 1986, the Registrant has declared a fourth quarter dividend of \$.45 per share payable on December 12, 1986 to stockholders of record at close of business on November 26, 1986. Dividends paid represent 44.4% of 1986 first nine months after-tax earnings.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

(20) 1986 Third Quarter Results.

(b) Reports on Form 8-K

No report on Form 8-K has been filed during the quarter ended September 30, 1986.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Sundstrand Corporation
(Registrant)

Date November 6, 1986



Ted Ross

Vice President of Finance and Secretary

Date November 6, 1986



A. Adrian Kemper
Controller



SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended June 30, 1986

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No .

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at July 21, 1986</u>
Common Stock, par value \$1.00 per share	18,921,507

SUNDSTRAND CORPORATION

FORM 10-Q
For the Quarter Ended June 30, 1986

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The information is set forth on pages 4 through 7 of Registrant's 1986 Second Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of operations and financial condition for the quarter ending June 30, 1986, as compared to operating results for the quarter and six months ending June 30, 1985, and the balance sheet at December 31, 1985, are discussed below, and should be read in conjunction with the Annual Report on Form 10-K for 1985 and the financial data and commentary presented on pages 4 through 7 of Registrant's 1986 Second Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Operating Results

Total sales for the second quarter of 1986 were \$343.3 million, up 13.0% from second quarter 1985 sales of \$303.7 million. This increase occurred in the Aerospace business segment. The Industrial business segment sales remained flat. The Aerospace business segment reported higher sales due to sales generated from the acquisition of the Turbomach Division of Solar Turbines Incorporated ("Turbomach") and increased sales to both commercial and military customers.

Pre-tax earnings of \$31.1 million for the second quarter of 1986 increased \$3.3 million from the 1985 second quarter results of \$27.8 million, due to an increase in sales partially offset by increases in marketing and administration expenses and net interest costs attributed to higher debt levels resulting from the acquisition of Turbomach. Net earnings of \$19.7 million and earnings per share of \$1.05 increased 12.6% and 10.5%, respectively, for the second quarter of 1986 compared to the second quarter of 1985, which were \$17.5 million and \$.95, respectively.

Sales for the first six months of 1986 were \$687.8 million, an increase of \$95.5 million or 16.1% above the \$592.3 million for the first six months of 1985. The increase in sales was attributed principally to higher sales within the Aerospace business segment to military and commercial customers and the acquisition of Turbomach.

Unfilled orders at June 30, 1986 were \$1,077.3 million, up \$23.4 million from the beginning of the year due to increased orders in the Aerospace segment of the Registrant's business.

Earnings before taxes of \$58.7 million for the first six months increased \$5.9 million from the 1985 first six months results. This increase in earnings was due to the sales increase partially offset by an increase in cost of products sold and marketing and administration expenses and net interest costs. Net earnings for the first six months of 1986 were \$36.8 million, up 13.4% from the first six months of 1985. Earnings per share for the first six months of 1986 were \$1.97 compared to \$1.76 for the same period in the prior year.

On April 17, 1986, the Registrant publicly announced 1986 forecasted sales to be \$1,475 million, an increase of 14.9% from 1985 sales of \$1,284.1 million. Earnings per share for 1986 were forecasted to be \$4.50, an increase of 11.9% from 1985 earnings per share of \$4.02. Results for the first six months of 1986 are consistent with this forecast and despite continued weakness in the Industrial segment, overall earnings are expected to achieve the Registrant's forecast. This forecast did not anticipate implementation of tax reform in 1986. Certain pending proposals could negatively impact results in the short term. Continued expansion of the Registrant's sales within its Aerospace business segment is the primary contributor to increased sales and earnings.

Financial Condition

On May 5, 1986, the Registrant issued \$100 million of 9 3/8% 30-year debentures, the proceeds of which were used to repay short-term indebtedness and for general corporate purposes. As a result of this debenture sale and positive cash flows, cash and cash equivalents were \$53.6 million at June 30, 1986, an increase of \$50.9 million from December 31, 1985, and notes payable at June 30, 1985 were \$6.1 million, a decrease of \$75.8 million from December 31, 1985. The ratio of total debt to total capital was 35.9% at June 30, 1986 as compared to 35.2% at year end 1985.

Net funds provided by operating activities of \$76.4 million for the first six months of 1986 increased \$59.6 million from the first six months of 1985. Working capital increased \$68.7 million during the first half of 1985 compared to an increase of \$17.7 million during the first half of 1986.

In addition to dividends totaling \$.90 per common share paid during the first half of 1986 the Registrant has declared a third quarter dividend of \$.45 per share payable on September 19, 1986 to stockholders of record at close of business on September 5, 1986. Dividends paid represent 45.7% of 1986 first six months after-tax earnings.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

The Registrant has been advised that it is the subject of an investigation being conducted by a federal grand jury in the Northern District of Illinois. The Registrant believes that the investigation involves allocation of costs to government contracts. Under government procurement regulations, an indictment could result in a government contractor being suspended from eligibility for awards of any new government contracts. A conviction could also result in debarment from government contracting. The Registrant is unable to predict the outcome of the investigation.

Item 5. Other Information.

For information regarding Registrant's contracts dispute with the Federal Government, reference is made to the information under the caption "Government Contracts Dispute" on page 7 of Registrant's 1986 Second Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

(20) 1986 Second Quarter Results.

(b) Reports on Form 8-K

1. A current Report on Form 8-K, dated April 18, 1986, was filed on April 18, 1986 reporting Registrant's Share Purchase Rights Distribution payable on May 12, 1986, to stockholders of record on April 28, 1986 and reporting Registrant's Government Contracts Dispute whereby Registrant received a determination alleging noncompliance with certain Cost Accounting Standards.
2. A Current Report on Form 8-K, dated April 28, 1986, was filed on April 29, 1986 reporting an Underwriting Agreement and Pricing Agreement entered into by Registrant on April 28, 1986 with Goldman, Sachs & Co. and Shearson Lehman Brothers Inc., respecting the sale of Registrant's \$100,000,000 principal amount of debt securities.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Sundstrand Corporation
(Registrant)

Date August 7, 1986

/s/ Ted Ross
Ted Ross
Vice President of Finance and Secretary

Date August 7, 1986

/s/ A. Adrian Kemper
A. Adrian Kemper
Controller



SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1986

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No .

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at April 22, 1986</u>
Common Stock, par value \$1.00 per share	18,724,245

SUNDSTRAND CORPORATION
FORM 10-Q
For the Quarter Ended March 31, 1986
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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended June 30, 1985

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No .

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at July 23, 1985</u>
Common Stock, par value \$1.00 per share	18,447,149

Part I

Item 1. Financial Statements

SUNDSTRAND CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED
STATEMENT OF EARNINGS
(Unaudited)

(Amounts in thousands except per share data)

	Three months ended March 31,	
	1986	1985
Net sales	\$344,479	\$288,675
Costs, expenses and other income		
Costs of products sold	230,648	189,666
Marketing and administration	82,086	70,877
Interest expense	11,922	10,050
Interest and dividend income	(4,846)	(4,315)
Unclassified, net	(2,852)	(2,555)
	<u>316,958</u>	<u>263,723</u>
Earnings before income taxes	27,521	24,952
Income taxes	<u>10,415</u>	<u>9,981</u>
NET EARNINGS	<u>\$ 17,106</u>	<u>\$ 14,971</u>
Weighted average number of common shares outstanding	18,691	18,496
Earnings per common share	<u>\$.92</u>	<u>\$.81</u>
Cash dividends per common share	<u>\$.45</u>	<u>\$.45</u>

SUNDSTRAND CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)

(Amounts in thousands)

	March 31, 1986	December 31 198
Assets		
Current Assets		
Cash and cash equivalents	\$ 8,462	\$ 2,70
Accounts receivable, less allowances	192,958	196,87
Inventories, net of progress payments	409,060	402,40
Other current assets	19,120	19,09
Total current assets	<u>629,600</u>	<u>621,08</u>
Property, Plant, and Equipment		
Cost	822,634	803,60
Accumulated depreciation	<u>350,824</u>	<u>334,48</u>
	471,810	469,11
Intangible Assets	120,768	122,17
Other Assets	92,712	98,80
	<u>\$1,314,890</u>	<u>\$1,311,17</u>
 Liabilities and Stockholders' Equity		
Current Liabilities		
Notes payable	\$ 64,708	\$ 81,93
Long-term debt due within one year	12,892	12,91
Accounts payable	93,358	103,37
Other accrued liabilities	146,343	134,65
Total current liabilities	<u>317,301</u>	<u>332,87</u>
Deferred Income Taxes	174,658	164,02
Long-Term Debt (less current portion)	224,021	225,15
Stockholders' Equity		
Common Stock, at par value	18,921	18,92
Other stockholders' equity	579,989	570,20
	<u>598,910</u>	<u>589,12</u>
	<u>\$1,314,890</u>	<u>\$1,311,17</u>

SUNDSTAD CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN FINANCIAL POSITION
(Unaudited)

(Amounts in thousands)		
	Three months ended March 31,	
	1986	1985
Operating activities		
Total funds provided by operations	\$47,757	\$40,869
Changes in elements of working capital		
Decrease (increase) in accounts receivable	3,918	(16,634)
Increase in inventories	(6,657)	(21,601)
Decrease in accounts payable	(10,014)	(8,880)
Increase in accrued expenses	11,692	16,007
Other	<u>(600)</u>	<u>(6,383)</u>
NET FUNDS PROVIDED BY OPERATING ACTIVITIES	<u>46,096</u>	<u>3,378</u>
DIVIDENDS PAID	<u>(8,402)</u>	<u>(8,324)</u>
Investing activities		
Additions of property, plant, and equipment, net	(19,163)	(15,785)
Other	<u>4,914</u>	<u>2,158</u>
NET FUNDS USED FOR INVESTING ACTIVITIES	<u>(14,249)</u>	<u>(13,627)</u>
Financing activities		
Debt transactions		
Decrease in long-term debt	(1,150)	(844)
(Decrease) increase in notes payable	(17,229)	16,541
Equity transactions	<u>692</u>	<u>(747)</u>
NET FUNDS (USED FOR) PROVIDED BY FINANCING ACTIVITIES	<u>(17,687)</u>	<u>14,950</u>
Increase (decrease) in cash and cash equivalents	5,758	(3,623)
Cash and cash equivalents, balance at beginning of year	<u>2,704</u>	<u>6,749</u>
CASH AND CASH EQUIVALENTS, BALANCE AT MARCH 31	<u>\$ 8,462</u>	<u>\$ 3,126</u>

CONDENSED FINANCIAL SUMMARY
(Unaudited)

Accounting Policies The financial statements and financial summary are condensed and should be read in conjunction with the Annual Report for 1985.

The financial information contained herein is unaudited but in the opinion of the management of Sundstrand, includes all adjustments (all of which are normal recurring adjustments) necessary to a fair presentation of the results of operations for the periods indicated.

Inventories The classification of inventories at March 31, 1986, and at December 31, 1985 was as follows:

	(Amounts in thousands)	
	March 31, 1986	December 31, 1985
Raw materials	\$ 92,456	\$ 90,002
Work in process	220,938	251,447
Finished goods and parts	225,782	187,120
	<u>539,176</u>	<u>528,569</u>
Less progress payments	130,116	126,166
	<u>\$409,060</u>	<u>\$402,403</u>

Government Contracts Dispute On February 13, 1986, Sundstrand received a determination by its Government Administrative Contracting Officer alleging noncompliance with Cost Accounting Standards and claiming approximately \$14 million of misallocated costs plus interest under contracts awarded during (and/or with performance during) the years 1978 through 1982. On July 31, 1985, Sundstrand received a determination by its Government Administrative Contracting Officer alleging noncompliance with Cost Accounting Standards and claiming approximately \$73 million of misallocated costs plus interest under contracts for the years 1981 through 1984. Sundstrand regards the allegations in these determinations, and in a previous determination involving approximately \$9 million plus interest, to be without merit. The Company believes that its accounting practices, which it has followed for many years and which previously have been audited and accepted by the Government, comply with Cost Accounting Standards.

If the Government pursues these matters, Sundstrand intends to vigorously defend its position. The final resolution is not expected to have a material effect on the Company's financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of operations and financial condition for the quarter ending March 31, 1986, as compared to operating results for the first quarter of 1985, and the balance sheet at December 31, 1985, are discussed below, and should be read in conjunction with the Annual Report on Form 10-K for 1985.

Operating Results

First quarter 1986 sales of \$344.5 million were up 19.3% from 1985 first quarter sales of \$288.7 million. This increase occurred primarily in the Aerospace business segment due to increased shipments to military customers and sales generated from the acquisition of Turbomach.

Unfilled orders decreased from \$1,053.9 million at December 31, 1985 to \$1,033.1 million at March 31, 1986 due to reductions in the Aerospace business segment.

Earnings before taxes of \$27.5 million for the first quarter of 1986 increased \$2.6 million from the 1985 first quarter results. The increase in earnings is caused by higher sales partially offset by an increase in net interest costs attributed to higher debt levels from the acquisition of Turbomach.

Net earnings of \$17.1 million and earnings per share of \$.92 increased 14.3% and 13.6% respectively for the first quarter of 1986 compared to the first quarter of 1985.

On April 17, 1986, the Registrant publicly announced 1986 forecasted sales to be \$1,475 million, an increase of 14.9% from 1985 sales of \$1,284.1 million. Earnings per share for 1986 are forecasted to be \$4.50 per share, an increase of 11.9% from 1985 earnings per share of \$4.02. Continued expansion of the Registrant's sales within its Aerospace business segment is the primary contributor to increased sales and earnings. Industrial segment markets are expected to remain flat due to continued softness in key end markets, such as agriculture and construction.

Financial Condition

On March 31, 1986, cash and cash equivalents were \$8.5 million, an increase of \$5.8 million from December 31, 1985.

Net funds provided by operating activities of \$46.0 million for the first quarter of 1986 increased \$42.6 million from the first quarter of 1985. Working capital increased \$37.5 million during the first quarter of 1985 compared to an increase of \$1.7 million during the first quarter of 1986.

During the first quarter dividends of \$.45 per share were paid and a second quarter dividend of \$.45 per share has been declared. The first quarter dividend payment represents 49.1% of first quarter 1986 after-tax earnings.

Positive cash flow during the first quarter resulted in a ratio of total debt to total capital of 33.5% at March 31, 1986 as compared to 35.2% at year end 1985.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.


- (b) Reports on Form 8-K
No report on Form 8-K has been filed during the quarter ended March 31, 1986.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Sundstrand Corporation
(Registrant)

Date April 25, 1986


Ted Ross
Vice President of Finance and Secretary

Date April 25, 1986


A. Adrian Kemper
Controller



SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended September 30, 1985

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No .

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at October 24, 1985</u>
Common Stock, par value \$1.00 per share	18,612,763

SUNDSTRAND CORPORATION

FORM 10-Q

For the Quarter Ended September 30, 1985

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The information is set forth on pages 4 through 7 of Registrant's 1985 Third Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of operations and financial condition for the quarter and nine months ending September 30, 1985, as compared to operating results for the quarter and nine months ending September 30, 1984, and the balance sheet at December 31, 1984, are discussed below, and should be read in conjunction with the Annual Report on Form 10-K for 1984 and the financial data and commentary presented on pages 4 through 7 of Registrant's 1985 Third Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Operating Results

Total sales for the third quarter of 1985 were \$317.4 million, up 23.5% from third quarter 1984 sales of \$257.0 million. This increase occurred in both the Aerospace and Industrial business segments. Aerospace segment sales were higher during the 1985 third quarter over the prior year due to increased sales to both commercial and military customers and to the acquisition of the Turbomach Division of Solar Turbines Incorporated on July 22, 1985. The increase of Industrial sales was caused by the acquisition of Sullair Corporation which occurred in November, 1984.

Pre-tax earnings of \$30.4 million for the third quarter of 1985 increased \$0.5 million from the 1984 third quarter results due to an increase in sales, partially offset by an increase in cost of products sold, marketing and administration expenses and interest expense. Cost of products sold includes a charge for the effect of the change in Registrant's method of valuing certain subsidiaries' inventories to the last-in, first-out (LIFO) method from the first-in, first-out method. For additional information on the change to LIFO, reference is made to the Condensed Financial Summary on page 7 of Registrant's 1985 Third Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Net earnings of \$19.1 million and earnings per share of \$1.03 increased 9.5% and 8.4%, respectively, for the third quarter of 1985 compared to the third quarter of 1984.

Sales for the first nine months of 1985 were \$909.8 million, an increase of \$174.8 million or 23.8% above the \$734.9 million for the first nine months of 1984. This increase was caused by increased sales in both of Registrant's business segments.

Aerospace shipments were up from the prior year due to increased sales to both commercial and military customers and acquisition of Turbomach. Increased Industrial segment sales were caused by the acquisition of Sullair Corporation, partially offset by lower demand for heat transfer surfaces and the partial disposition during the first half of 1984 of Registrant's fuel unit business.

Unfilled orders at September 30, 1985 were \$1,002.4 million, up \$131.7 million from the beginning of the year. This increase is primarily attributable to the acquisition of Turbomach within the Aerospace segment of Registrant's business.

Earnings before taxes of \$83.2 million for the first nine months of 1985 increased \$5.7 million from the 1984 first nine months results. This increase in earnings was due to increased sales to commercial aerospace customers partially offset by higher marketing and administration costs and by an increase in interest costs attributable to higher debt levels from the acquisitions of Sullair Corporation and Turbomach. 1985 pre-tax earnings include a charge of \$1.5 million for the effect of the change in method of valuing inventories to the LIFO method for certain of Registrant's subsidiaries.

Net earnings for the first nine months of 1985 were \$51.6 million, up 12.6% from the first nine months of 1984. Earnings per share for the first nine months of 1985 were \$2.79 compared to \$2.51 for the same period in the prior year.

Financial Condition

On September 30, 1985, cash and cash equivalents were \$28.0 million, an increase of \$21.2 million from December 31, 1984. The increase was the result of the Registrant receiving significant payments late on the last day of the quarter and being unable to use the funds to reduce short term notes payable.

Net funds provided by operating activities of \$75.4 million for the first nine months of 1985 were \$39.7 million lower than the first nine months of 1984. This decrease was primarily the result of an increase in accounts receivable and inventories to support improved Aerospace market conditions expected by the Registrant.

In addition to dividends totaling \$1.35 per common share paid during the first nine months of 1985 the Registrant has declared a fourth quarter dividend of \$.45 per share payable on December 12, 1985. Dividends paid represent 48.4% of 1985 first nine months after-tax earnings.

On July 22, 1985, the Registrant acquired the Turbomach Division of Solar Turbines Incorporated for \$102 million in cash plus deferred payments of \$19 million over seven years. Turbomach is a major manufacturer of gas turbine engines for airborne, ground and vehicular auxiliary power units and is intended to compliment and enhance the aerospace products of Registrant's Advanced Technology Group.

Total debt of \$367.9 million at September 30, 1985 increased \$148.6 since December 31, 1984 resulting in a ratio of total debt to total capital of 39.3% at September 30, 1985, as compared to 29.0% at year end 1984. This increase in debt is primarily attributable to the acquisition of Turbomach. The Registrant expects the total debt to total capital ratio to be approximately 37% at year end 1985.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

(18) Letter from Alexander Grant & Company on change to the last-in, first-out method of valuing inventories.

(20) 1985 Third Quarter Results

(b) Reports on Form 8-K

A Current Report on Form 8-K was filed on August 5, 1985 reporting Registrant's acquisition on July 22, 1985 of the Turbomach Division of Solar Turbines Incorporated, a wholly owned subsidiary of Caterpillar Tractor Co.

An amendment to the Form 8-K filed on August 5, 1985 was filed on Form 8 on October 3, 1985, including financial statements for Turbomach and pro-forma financial statements of Registrant and Turbomach.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Sundstrand Corporation
(Registrant)

Date November 8, 1985

/s/ Ted Ross
Ted Ross
Vice President of Finance and Secretary

Date November 8, 1985

/s/ A. Adrian Kemper
A. Adrian Kemper
Controller

Alexander Grant

& COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER FIRM
GRANT THORNTON INTERNATIONAL

Board of Directors
Sundstrand Corporation

As stated in notes to the condensed consolidated financial statements of Sundstrand Corporation and Subsidiaries ("the Company") for the three months ended September 30, 1985 included in the quarterly report to stockholders, which is included in Exhibit 20 and incorporated by reference in Part I of this Form 10-Q, the Company changed from the FIFO method of accounting for certain inventories to the LIFO method. Management believes the newly adopted accounting principle is preferable in the circumstances because the change conforms the method of valuing inventories used to report to stockholders to the method used for income tax reporting and more properly matches costs and related revenues. At your request, we have reviewed and discussed with management the circumstances, business judgment, and planning which formed the basis for making this change in accounting principle.

It should be recognized that professional standards have not been established for selecting among alternative principles that exist in this area or for evaluating the preferability of alternative accounting principles. Accordingly, we are furnishing this letter solely for purposes of the Company's compliance with the requirements of the Securities and Exchange Commission, and it should not be used or relied on for any other purpose.

Based on our review and discussion, we concur with management's judgment that the newly adopted accounting principle is preferable in the circumstances. In formulating this position, we are relying on management's business planning and judgment, which we do not find unreasonable.

We have not examined any consolidated financial statements of Sundstrand Corporation and Subsidiaries as of any date or for any period subsequent to December 31, 1984.

Accordingly, we are unable to express an opinion on whether the method of accounting for the effect of the change is in conformity with generally accepted accounting principles or if the financial information included in Part II of this Form 10-Q is fairly presented.

Very truly yours,

Alexander Grant & Company

Section 2.7. Voting by Stockholders. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Certificate of Incorporation or of these By-Laws a different vote is required, in which case such express provision shall govern and control the decision of such question.

At any meeting of the stockholders every stockholder having the right to vote shall be entitled to vote in person, or by proxy appointed by an instrument in writing, subscribed by such stockholder or by his attorney or agent thereunto authorized in writing, and bearing a date not more than three years prior to said meeting, unless said instrument provides for a longer period. Except as otherwise provided by the Certificate of Incorporation, each stockholder present in person or by proxy at any meeting shall have, on each matter on which stockholders are entitled to vote, one vote for each share of stock having voting power, registered in his name on the books of the Corporation.

ARTICLE III DIRECTORS

Section 3.1. Number, Election and Terms of Office of Directors. The number of directors which shall constitute the whole Board shall be ten in number. Directors need not be stockholders in the Corporation. Except as provided in Section 3.3, the directors shall be elected at the annual meeting of the stockholders, and each director elected shall hold office until his successor is elected and qualified or until his earlier resignation. The directors shall be divided into three classes: Class I, Class II and Class III. Such classes shall be as nearly equal in number as possible. The term of office of the initial Class I directors shall expire at the annual meeting of stockholders in 1971, the term of office of the initial Class II directors shall expire at the annual meeting of stockholders in 1972, and the term of office of the initial Class III directors shall expire at the annual meeting of stockholders in 1973, or thereafter in each case when their respective successors are elected and qualified. At each annual election held after classification and the initial election of directors according to classes, the directors chosen to succeed those whose terms then expire shall be identified as being of the same class as the directors they succeed and shall be elected for a term expiring at the third succeeding annual meeting or thereafter when their respective successors in each case are elected and qualified.

Section 3.2. Corporate Records. The directors may keep the books of the Corporation, except such as are required by law to be kept within the State of Delaware, outside of Delaware at such place or places as they may from time to time determine.

Section 3.3. Vacancies. Vacancies occurring in the Board of Directors and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, and any director so chosen shall hold office until his successor is elected and qualified. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office. A director elected to fill a newly created directorship shall serve for the term provided herein for the class of directors for which such director was elected.

Section 3.4. General Powers. The business and affairs of the Corporation shall be managed by its Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

Section 3.5. Place of Meetings. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 3.6. Annual Meetings. The first meeting of each newly elected Board shall constitute the annual meeting of said Board and shall be convened as soon as is conveniently possible but in no event more than two weeks after the date of the annual meeting of stockholders in each year at such time and place as shall be fixed by the Chairman of the Board.

Section 3.7. Regular Meetings. Regular meetings of the Board shall be held upon notice, or without notice, at least quarterly, at such time and place as shall from time to time be determined by the Board.

Section 3.8. Special Meetings. Special meetings of the Board may be called by the Chairman of the Board, Vice Chairman of the Board or any four directors. Notice of each special meeting of the Board may be given by mail, telegraph or cable, personal delivery or telephone. Notice by mail shall be given at least three days before the meeting; notice by any other means shall be given a reasonable period of time before the time of such meeting but in no event shall such notice be given less than one hour before such meeting. If notice is by telephone, such notice shall be promptly confirmed by telegraph or cable to each director.

Section 3.9. Quorum. At all meetings of the Board, the presence of a majority of the full number of directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Certificate of Incorporation or by these By-Laws. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 3.10. Action by Board Without Meeting. Notwithstanding anything contained in these By-Laws, any action

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The information is set forth on pages 4 through 7 of Registrant's 1985 Second Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of operations and financial condition for the quarter and six months ending June 30, 1985, as compared to operating results for the quarter and six months ending June 30, 1984, and the balance sheet at December 31, 1984, are discussed below, and should be read in conjunction with the Annual Report on Form 10-K for 1984 and the financial data and commentary presented on pages 4 through 7 of Registrant's 1985 Second Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference therein).

Operating Results

Total sales for the second quarter of 1985 were \$303.7 million, up 24.4% from second quarter 1984 sales of \$244.2 million. This increase occurred in both the Aerospace and Industrial business segments. The Aerospace segment reported higher sales to both commercial and military customers during the 1985 second quarter over the prior year second quarter. The increase of Industrial sales was caused by the acquisition of Sullair Corporation which occurred in November, 1984.

Pre-tax earnings of \$27.8 million for the second quarter of 1985 increased \$1.3 million from the 1984 second quarter results due to an increase in sales, partially offset by an increase in cost of products sold and marketing and administration expenses. Net earnings of \$17.5 million and earnings per share of \$.95 increased 12.2% and 10.5% respectively for the second quarter of 1985 compared to the second quarter of 1984.

Sales for the first six months of 1985 were \$592.3 million, an increase of \$114.5 million or 24.0% above the \$477.9 million for the first six months of 1984. This increase was caused by increased sales in both of the Registrant's business segments. Aerospace shipments were up from the prior year due to increased sales to both commercial and military customers. Increased Industrial segment sales were caused by the acquisition of Sullair, partially offset by lower demand for heat transfer surfaces and the partial disposition during the first half of 1984 of the Registrant's fuel unit business.

Unfilled orders at June 30, 1985 were \$853.0 million, down \$17.7 million from beginning of the year primarily in the Aerospace segment of Registrant's business. This decline in unfilled orders is caused by a leveling off of long-term military orders as compared to an increase in sales for the six month period.

Earnings before taxes of \$52.8 million for the first six months increased \$5.2 million from the 1984 first six months results. This increase in earnings was due to the improved profit margins generated from increased sales to commercial aerospace customers partially offset by higher marketing and administration costs and by an increase in interest costs attributed to higher debt levels from the acquisition of Sullair Corporation.

Net earnings for the first six months of 1985 were \$32.5 million, up 14.4% from the first six months of 1984. Earnings per share for the first six months of 1985 were \$1.76 compared to \$1.56 for the same period in the prior year.

On April 18, 1985, the Registrant publicly announced 1985 forecasted sales to be \$1,280 million, an increase of 22.9% from 1984 sales of \$1,041.9 million. Earnings per share for 1985 were forecasted to be \$4.10, an increase of 12.9% from 1984 earnings per share of \$3.63. Results for the first six months of 1985 were consistent with this forecast. Continued strength and improved market conditions in the military and commercial aerospace businesses are contributors to increased sales and earnings. Excluding the 1985 operating results for Sullair, Industrial segment markets are expected to be flat due to continued softness in key end markets, such as agriculture, and persistent weakness in the manufacturing sector of the economy.

Financial Condition

On June 30, 1985, cash and cash equivalents were \$10.9 million, an increase of \$4.1 million from December 31, 1984.

Net funds provided by operating activities of \$16.8 million for the first six months of 1985 were \$68.4 million lower than the first six months of 1984. This decrease was primarily the result of an increase in accounts receivable from higher sales and the increase in inventories to support improved Aerospace market conditions expected by the Registrant.

In addition to dividends totaling \$.90 per common share paid during the first half of 1985 the Registrant has declared a third quarter dividend of \$.45 per share payable on September 20, 1985. Dividends paid represents 51.8% of 1985 first six months after-tax earnings.

On July 22, 1985, the Registrant acquired the Turbomach Division of Solar Turbines Incorporated for \$102 million in cash plus deferred payments of \$19 million over seven years. Turbomach is a major manufacturer of gas turbine engines for airborne, ground and vehicular auxiliary power units and is intended to compliment and enhance the aerospace products of Registrant's Advanced Technology Group.

Negative cash flow during the first six months of 1985 resulted in a ratio of total debt to total capital of 32.1% at June 30, 1985, as compared to 29.0% at year end 1984. With the acquisition of Turbomach, the Registrant expects the total debt to total capital ratio to rise to approximately 38% at year end 1985.

PART II - OTHER INFORMATION

Item. 5 Other Information.

On July 31, 1985, Registrant received a determination by its Government Administrative Contracting Officer alleging noncompliance with Cost Accounting Standards and claiming approximately \$73 million of misallocated costs plus interest under contracts for the years 1981 through 1984. Registrant regards the allegations in this determination, and in a previous determination involving approximately \$9 million plus interest, to be without merit. Registrant believes that its accounting practices, which it has followed for many years and previously have been audited and accepted by the Government, comply with Cost Accounting Standards. Registrant believes that these types of determinations are increasingly prevalent, especially in the current defense procurement environment.

If the Government pursues this matter, Registrant intends vigorously to defend. The final resolution, which may take several years, is not expected to have a material effect on Registrant's financial statements.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

(3)(i) Text of resolution adopted by the Board of Directors of Registrant on July 18, 1985 increasing the number of directors from 9 to 10. (Page 6)

(3)(ii) By-Laws of Registrant as amended on July 18, 1985. (Page 7)

(20) 1985 Second Quarter Results (Page 14)

(b) Reports on Form 8-K

A Current Report on Form 8-K was filed on August 5, 1985 reporting Registrant's acquisition on July 22, 1985 of the Turbomach Division of Solar Turbines Incorporated, a wholly owned subsidiary of Caterpillar Tractor Co.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Sundstrand Corporation
(Registrant)

Date Aug. 12, 1985

/s/ Ted Ross
Ted Ross
Vice President of Finance and Secretary

Date Aug. 12, 1985

/s/ A. Adrian Kemper
A. Adrian Kemper
Controller

(d) The Assistant Treasurers in the order of their seniority shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties as the Chairman of the Board, the Vice Chairman of the Board or the Vice President of Finance shall prescribe.

Section 4.14. Controller and Assistant Controllers.

(a) The Controller shall be the chief accounting officer of the Corporation and shall be responsible for the installation and supervision of all accounting records, including the preparation and interpretation of financial statements, the continuous audit of accounts and records, and such other duties usually incident to the office of Controller. He shall be under the direction of the Vice President of Finance and shall, in addition to the foregoing duties, perform such other duties as may be assigned to him by the Board of Directors, the Vice Chairman of the Board or the Vice President of Finance.

(b) The Assistant Controllers in the order of their seniority shall, in the absence or disability of the Controller, perform the duties and exercise the powers of the Controller and shall perform such other duties as the Chairman of the Board, the Vice Chairman of the Board or the Vice President of Finance shall prescribe.

Section 4.15. Tax Director. The Tax Director shall be responsible for the preparation and signing of all federal and state tax returns, consents, elections, closing agreements and all other documents related to the determination of any federal or state tax liability of the Corporation, and as such shall be under the direction of and report to the Vice President of Finance.

ARTICLE V SHARES AND THEIR TRANSFER

Section 5.1 Certificates of Stock. Certificates for shares of stock of the Corporation shall be in such form as shall be approved by the Board, and during the period while more than one class of stock or more than one series of any class of the Corporation is authorized, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificates which the Corporation shall issue to represent such class or series of stock, or else there shall appear on the certificates a statement that the Corporation shall furnish such information to a stockholder without charge if it be requested. They shall exhibit the holder's name and number of shares, and, with respect to each class of stock of the Corporation, or series thereof, if there be more than one class or series thereof, shall bear a distinguishing letter, and each class or series thereof, if any, shall be numbered serially and be issued in consecutive order. They shall bear the Corporate seal or a facsimile thereof and shall be signed by the Chairman of the Board or the Vice Chairman of the Board, or a Vice President, and by the Treasurer or any Assistant Treasurer, or the Secretary or any Assistant Secretary of the Corporation. If such certificate is countersigned (1) by a transfer agent other than the Corporation or its employee, or, (2) by a registrar other than the Corporation or its employee, any other signature on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the Corporation with same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Section 5.2. Transfer of Stock. Upon surrender to the Corporation or its transfer agent of a certificate representing shares, duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled, and the transaction recorded upon the books of the Corporation.

Section 5.3 Lost, Stolen or Destroyed Certificates. Any person, claiming a certificate for shares of the Corporation to be lost, stolen or destroyed, shall make affidavit of the fact and lodge the same with the Secretary of the Corporation accompanied by a signed application for a new certificate. Such person shall also give the Corporation a bond of indemnity with one or more sureties satisfactory to the Board of Directors, and in an amount which in their judgment shall be sufficient to save the Corporation from loss, or shall qualify under such blanket bond as may from time to time be approved by the Board of Directors, and thereupon the proper officers may cause to be issued a new certificate of like tenor with the one alleged to be lost, stolen or destroyed.

Section 5.4 Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action.

Section 5.5 Registered Stockholders. The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

EXHIBIT (3)(1)

RESOLVED, that ARTICLE III (DIRECTORS) of the By-Laws of this Corporation be and the same hereby is amended by changing the word "nine" in the first sentence of Section 3.1 to "ten".

**BY-LAWS
OF
SUNDSTRAND CORPORATION
(A Delaware Corporation)**

Effective July 18, 1985

**ARTICLE I
OFFICES**

Section 1.1. Principal Office. The principal office of the Corporation in the State of Delaware shall be in the City of Wilmington, County of New Castle.

Section 1.2 Other Offices. The Corporation may also have offices at such other places, either within or without the State of Delaware, as the Board of Directors may from time to time determine or the business of the Corporation may require.

**ARTICLE II
STOCKHOLDERS' MEETINGS**

Section 2.1. Place of Meetings. All annual and special meetings of the stockholders shall be held at such place, either within or without the State of Delaware, as may be fixed by the Board and specified in the notice of the meeting.

Section 2.2 Annual Meetings. An annual meeting of stockholders shall be held on such date and at such hour as may be fixed by the Board and specified in the notice of the meeting, when they shall elect by a plurality vote a Board of Directors and transact such other business as may properly be brought before the meeting.

Section 2.3 List of Stockholders. The Secretary shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. The original or duplicate stock ledger shall be the only evidence as to who are the stockholders entitled to examine such list or stock ledger or transfer book or to vote in person or by proxy at any meeting of stockholders.

Section 2.4. Special Meetings of Stockholders. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Chairman of the Board and shall be called by the Chairman of the Board or Secretary at the request in writing of a majority of the Board of Directors, or at the request in writing of stockholders owning eighty percent or more in amount of the entire capital stock of the Corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

Section 2.5. Notice of Meetings. Except as otherwise expressly provided by law or by the Certificate of Incorporation or these By-Laws, written or printed notice of each annual or special meeting of stockholders shall be given by mail at least ten but not more than sixty days before the meeting to the stockholders of record entitled to vote thereat. Every such notice shall be directed to a stockholder at his address as it shall appear on the transfer books of the Corporation; shall state the date, time and place of the meeting; and, in the case of a special meeting, shall state briefly the purposes thereof. Business transacted at all special meetings shall be confined to the purposes stated in the notice thereof.

Section 2.6. Quorum and Adjournments. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall be necessary and sufficient to constitute a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provided by statute, by the Certificate of Incorporation, or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting, at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The absence from any meeting of the number required by law or by the Certificate of Incorporation or these By-Laws for action upon any given matter shall not prevent action at such meeting upon any other matter or matters which may properly come before the meeting if the number required in respect of such other matter or matters shall be present. Once a quorum is present at a meeting, it shall be deemed to be acting thereafter throughout the meeting, irrespective of any withdrawals. Nothing in these By-Laws shall affect the right to adjourn where a quorum is present.



Attachment 4

Sundstrand Ownership Listing
January 1, 1989

meeting, if a written consent thereto is signed by all members of the Board or of such Committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or the Committee.

Section 3.11. Compensation of Directors. The Board of Directors, by resolution adopted by a majority of the whole Board, may establish reasonable compensation of all directors for services to the Corporation as directors, officers or otherwise. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of any Committee may be allowed like compensation for their services to the Corporation.

Section 3.12. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or Committee which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if (1) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the Committee, and the Board or Committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (2) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (3) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, Committee, or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of the Committee which authorizes the contract or transaction.

Section 3.13. Committees. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of two or more of the directors of the Corporation. Any such committee, to the extent provided in the resolution not inconsistent with the provisions of the Statutes of Delaware, shall have and may exercise the powers and authority of the Board of Directors in the management of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it. A majority of the members of the Committee then holding office shall constitute a quorum at all meetings and each such Committee shall keep regular minutes of its proceedings and report the same to the whole Board.

ARTICLE IV OFFICERS

Section 4.1. Designation: Number. The officers of the Corporation shall consist of a Chairman of the Board and Chief Executive Officer; a Vice Chairman of the Board; a Vice President, Personnel and Public Relations; a Vice President of Finance; a Vice President and General Counsel; a Vice President of Administration; one or more other Vice Presidents; a Secretary; a Treasurer; and a Controller, all of whom shall be elected by the Board of Directors and shall hold office until their successors are duly elected and qualified. In addition, the Chairman of the Board may appoint a Tax Director, one or more Assistant Secretaries, Assistant Treasurers and Assistant Controllers and such other officers and agents as he may deem necessary or desirable who shall hold their offices for such terms and shall have such authority and perform such duties as shall be determined by the Chairman from time to time. Any Vice President designated by a resolution of the Board of Directors or by delegation of the Chairman of the Board, or the Vice Chairman of the Board shall have authority to sign contracts and any other documents as specifically authorized by the Board of Directors or the Chairman of the Board or the Vice Chairman of the Board or which are within the ordinary course of the business of the Corporation.

Section 4.2. Non-Corporate Officers. The Chairman of the Board shall have authority to appoint from time to time officers of divisions, product groups or other segments of the Corporation's business for such terms, with such authority and at such salary as the Chairman in his sole discretion shall determine; provided, however, such appointed officer shall under no circumstances have authority to bind any other division, product group or other segment of the Corporation's business nor to bind the Corporation, except as to the normal and usual business affairs of the division, product group or other segment of the Corporation's business of which he is an officer. Such appointed officer, as such, shall not be construed as an officer of the Corporation.

Section 4.3. Salaries. The salaries of the officers elected pursuant to Section 4.1 above shall be determined by the Board of Directors. The salaries of all other officers and agents of the Corporation appointed by the Chairman shall be determined by the Chairman of the Board.

Section 4.4. Removal. Any officer elected by the Board of Directors and any officer or agent appointed by the Chairman of the Board, as the case may be, may be removed at any time by the Board of Directors or the Chairman of the Board, respectively, whenever in its or his judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any vacancy occurring in any elected office of the Corporation

Section 4.5. Chairman of the Board and Chief Executive Officer. The Chairman of the Board and Chief Executive Officer shall be the chief executive officer of the Corporation and shall preside at all meetings of stockholders and of the Board. Subject to the control of the Board, the Chairman of the Board shall have general supervision, control and management of the affairs and business of the Corporation and shall see that all orders and resolutions of the Board are carried into effect. In the absence of specific action by the Board of Directors, the Chairman of the Board and/or the Vice Chairman of the Board shall have the authority to vote, on behalf of the Corporation, the securities of other corporations, both domestic and foreign, held by the Corporation.

Section 4.6. Vice Chairman of the Board. The Vice Chairman of the Board shall, in the absence or disability of the Chairman of the Board, perform the duties and exercise the powers of the Chairman of the Board, shall assist the Chairman of the Board in the general and active management of the Corporation and shall perform such other duties as the Board of Directors or the Chairman of the Board shall prescribe. He, and/or the Vice President of Finance shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation.

Section 4.7. Vice President, Personnel and Public Relations. The Vice President, Personnel and Public Relations shall be in charge of the personnel functions of the Corporation and shall be directly responsible in such capacity for labor relations involving the Corporation and its employees. He shall also be in charge of the public relations of the Corporation. He shall be under the direction of and report to the Vice Chairman of the Board.

Section 4.8. Vice President of Finance. The Vice President of Finance shall be the chief financial officer of the Corporation and shall be in charge of the general financial affairs of the Corporation and shall be under the direction and report to the Vice Chairman of the Board. He, and/or the Vice Chairman of the Board shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation.

Section 4.9. Vice President and General Counsel. The Vice President and General Counsel shall be the chief legal officer of the Corporation and as such shall be in charge of the Law Department of the Corporation and be responsible for legal matters involving the Corporation. He shall be under the direction of and report to the Vice Chairman of the Board.

Section 4.10. Vice President of Administration. The Vice President of Administration shall coordinate acquisitions, divestitures, license agreements and joint ventures as well as direct the corporate operations, data communications and energy conservation staffs. He shall be under the direction of and report to the Vice Chairman of the Board of the Corporation.

Section 4.11. Other Vice Presidents. The other Vice Presidents shall perform such duties as may be prescribed by the Board of Directors, the Chairman of the Board, or the Vice Chairman of the Board.

Section 4.12. Secretary and Assistant Secretaries.

(a) The Secretary shall attend all sessions of the Board of Directors and all meetings of the stockholders and record the minutes of all proceedings in a book to be kept for that purpose, and shall perform like duties for Committees of the Board when required. He shall give, or cause to be given, notice of all meetings of the stockholders and of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or Chairman of the Board or the Vice Chairman of the Board. He shall keep in safe custody the seal of the Corporation, and, when authorized by the Board, affix the same to any instrument requiring it, and when affixed it shall be attested by his signature or by the signature of the Treasurer or an Assistant Secretary.

(b) The Assistant Secretaries in the order of their seniority shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary, and shall perform such other duties as the Chairman of the Board or the Vice Chairman of the Board shall prescribe.

Section 4.13. Treasurer and Assistant Treasurers.

(a) The Treasurer shall, subject to the direction of the Vice President of Finance, have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation, in such depositories as may be designated by the Board of Directors.

(b) He shall disburse the funds of the Corporation when proper to do so, taking proper vouchers for such disbursements, and shall render to the Vice President of Finance, the Vice Chairman of the Board and the Board of Directors, at the regular meeting of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

(c) If required by the Board of Directors, he shall give the Corporation a bond in such sum, and with such surety or sureties as shall be satisfactory to the Board, for the faithful performance of the duties of his office, and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Attachment 3

Sundstrand Annual Reports, 1984 - 1988

Sundstrand Annual 10-K Reports, 1984 - 1988

Sundstrand Quarterly 10-Q Reports, 1984 - 1988

Section 5.6 Transfer Agents and Registrars. The Board of Directors may from time to time appoint a transfer agent and registrar in one or more cities; may require all certificates evidencing shares of stock of the Corporation to bear the signatures of a transfer agent and registrar; and may provide that such certificates shall be transferable in more than one city.

ARTICLE VI INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Corporation shall, to the fullest extent to which it is empowered to do so by the General Corporation Law of Delaware, or any other applicable laws, as from time to time in effect, indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer of the Corporation or a division thereof, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding.

The provisions of this Article shall be deemed to be a contract between the Corporation and each director or officer who serves in any such capacity at any time while this Article and the relevant provisions of the General Corporation Law of Delaware or other applicable law, if any, are in effect, and any repeal or modification of any such law shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such state of facts.

The Corporation shall, to the fullest extent to which it is empowered to do so by the General Corporation Law of Delaware, and with respect to the Employee Retirement Income Security Act of 1974, or any other applicable laws, as from time to time in effect, indemnify any officer, director or employee of the Corporation or an affiliated corporation, who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was serving at the request of the Corporation as an individual Trustee, committee member, administrator or fiduciary of a pension or other benefit plan for employees of the Corporation, or of an affiliated corporation or other enterprise.

Persons who are not covered by the foregoing provisions of this Article and who are or were employees or agents of the Corporation or a division thereof, or are or were serving at the request of the Corporation as employees or agents of another corporation, partnership, joint venture, trust or other enterprise, may be indemnified to the extent authorized at any time or from time to time by the Board of Directors of the Corporation.

The indemnification provided or permitted by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled by law or otherwise, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article.

ARTICLE VII MISCELLANEOUS PROVISIONS

Section 7.1 Checks, Drafts and Other Instruments. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness, issued in the name of the Corporation shall be signed by such officer or officers, or such other person or persons, as the Board of Directors may from time to time designate.

Section 7.2 Seal. The corporate seal of the Corporation shall be in such form as the Board of Directors may determine and shall include the name of the Corporation and the words "Corporate Seal, Delaware." The seal may be used by causing it, or a facsimile thereof, to be impressed or affixed or in any manner reproduced.

Section 7.3 Fiscal Year. The fiscal year of the Corporation shall commence on the first day of January in each year and end on the following 31st day of December.

Section 7.4 Notices. Notice by mail shall be deemed to have been given at the time the same shall be mailed. Notice by telegraph shall be deemed to have been given when the same shall have been delivered for prepaid transmission into the custody of a company ordinarily engaged in the transmission of such messages.

Section 7.5 Waiver of Notice. Whenever any notice whatever is required to be given under the provisions of the laws of the State of Delaware or under the provisions of the Certificate of Incorporation or these By-Laws, a waiver thereof in writing.

UNSCANNABLE IMAGERY INSERT

SUPERFUND DOCUMENT MANAGEMENT SYSTEM (SDMS)

This document is an unscannable item in SDMS.
Please contact the EPA Region V Superfund Records Center to view this document.

SITE NAME	S E ROCKFORD GROUNDWATER		
EPA ID NUMBER	ILD 981000417		
PHASE / ACTIVITY	PRP ENFORCEMENT		
PRP AFFILIATION	SUNDSTRAND CORP		
REASON WHY UNSCANNABLE	<u> </u> ILLEGIBLE	OR	<u> X </u> FORMAT: BOUNDED REPORTS
UNSCANNABLE DESCRIPTION / CONTENT	SUNDSTRAND CORPORATION ANNUAL REPORTS SUNDSTRAND QUARTERLY REPORTS		
DATE(S) OF UNSCANNABLE(S)	RANGE 1984 - 1988		

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1985

Commission file number 1-5358

Sundstrand Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1840610
(I.R.S. Employer
Identification No.)

4751 Harrison Avenue, P.O. Box 7003, Rockford, Illinois 61125
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (815) 226-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No .

Indicate the number of shares outstanding of each of registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at April 22, 1984</u>
Common Stock, par value \$1.00 per share	18,495,535

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The information is set forth on pages 2 through 5 of Registrant's 1985 Annual Meeting and First Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference herein).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of operations and financial condition for the quarter ending March 31, 1985, as compared to operating results for the first quarter of 1984, and the balance sheet at December 31, 1984, are discussed below, and should be read in conjunction with the Annual Report on Form 10-K for 1984 and the financial data and commentary presented on pages 2 through 5 of Registrant's 1985 Annual Meeting and First Quarter Results (filed as Exhibit 20 to this Report and incorporated by reference therein).

Operating Results

First quarter 1985 sales of \$288.7 million were up 23.5% from 1984 first quarter sales of \$233.7 million. This increase occurred in both the Aerospace and Industrial business segments. The Aerospace segment reported higher sales of primarily military end items during the 1985 first quarter over the prior year first quarter. The increase of Industrial sales was caused by the acquisition of Sullair Corporation which occurred in November, 1984, partially offset by lower demand for heat transfer surfaces.

Unfilled orders decreased from \$870.7 million at December 31, 1984 to \$854.0 million at March 31, 1985 due primarily to reductions in the Aerospace business segment.

Earnings before taxes of \$25.0 million for the first quarter of 1985 increased \$3.9 million from the 1984 first quarter results. The increase in earnings is caused by higher sales partially offset by an increase in net interest costs attributed to higher debt levels from the acquisition of Sullair Corporation.

Net earnings of \$15.0 million and earnings per share of \$.81 increased 17.2% and 15.7% respectively for the first quarter of 1985 compared to the first quarter of 1984.

On April 18, 1985, the Registrant publicly announced 1985 forecasted sales to be \$1,280 million, an increase of 22.9% from 1984 sales of \$1,041.9 million. Earnings per share for 1985 are forecasted to be \$4.10 per share, an increase of 12.9% from 1984 earnings per share of \$3.63. Continued strength and improved market conditions in the military and commercial aerospace businesses are the primary contributors to increased sales and earnings. Industrial segment markets are expected to be flat due to softness in key end markets, such as agriculture, and persistent weakness in the manufacturing sector of the economy.

signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Except as may be otherwise specifically provided by law, any waiver by mail, telegraph, cable or wireless bearing the name of the person entitled to notice shall be deemed a waiver in writing duly signed. The presence of any person at any meeting either in person or by proxy shall be deemed the equivalent of a waiver in writing duly signed, except where the person attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 7.6 Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of law and of the Certificate of Incorporation.

Section 7.7 Creation of Reserves. Before payment of any dividend or making any distribution of profits, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board from time to time, in its absolute discretion, may think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Board shall think conducive to the interest of the Corporation, and the Board may at any time modify or abolish any such reserve in the manner in which it was created.

Section 7.8 Amendments. These By-Laws may be altered or repealed by the affirmative vote of the majority of the entire number of directors specified from time to time in the restated Certificate of Incorporation at any regular meeting of the Board or at any special meeting of the Board, if notice of the proposed alteration or repeal be contained in the notice of such special meeting; provided, however, that any provisions of these By-Laws resulting from such alteration or repeal shall at all times be in conformance with the restated Certificate of Incorporation and the laws of the State of Delaware.



SUNDSTRAND OWNERSHIP LISTING
January 1, 1989

	<u>COUNTRY</u>	<u>OWNERSHIP(1)</u>
SUNDSTRAND CORPORATION		
The Falk Corporation	U.S.	100%
Falk Canada Inc.	Foreign	100%
The Falk Service Corporation	U.S.	100%
Mecanica Falk S.A. de C.V. (39% owned by SunPac)	Foreign	49%
Sundstrand do Brasil Equipamentos Ltda.	Foreign	100%
Falk do Brasil Equipamentos Industriais Ltda. (2)	Foreign	100%
Nikkiso-Sundstrand Company Limited	Foreign	50%
STS Corporation	Foreign	50%
Signatron, Inc.	U.S.	100%
The Standard of America Financial Corporation	U.S.	100%
Renflo International Limited	Foreign	100%
Hopewell International Insurance Ltd.	Foreign	2.78%
United Insurance Company	Foreign	3.13%
Sullair Corporation	U.S.	100%
AirRock Services, Inc. (2)	U.S.	90%
Comprotek, S.A. (2)	Foreign	100%
Sullair Argentina, S.A.	Foreign	22.5%
Sullair Asia Limited	U.S.	100%
Sullair Malaysia Sdn Bhd (2)	Foreign	100%
Sullair Taiwan Limited	U.S.	100%
Sullair Australia Limited (2)	Foreign	100%
Sullair Canada, Inc.	Foreign	100%
Sullair Compressores S.A. (2)	Foreign	1.67%
Sullair del Pacifico, Inc.	U.S.	100%
Sullair Indonesia Limited (2)	U.S.	100%
Sullair Technology Aktiebolag (2)	Foreign	100%
Sundstrand Data Control, Inc.	U.S.	100%
Global Navigation, Limited (2)	U.S.	100%
Sundstrand Optical Technologies, Inc.	U.S.	100%
Sundstrand FSC, Inc.	Foreign	100%
Sundstrand Finance Corporation	U.S.	100%
Sundstrand-France	Foreign	100%
Sundstrand Heat Transfer, Inc.	U.S.	100%
Sundstrand International Corporation	U.S.	100%
Sundstrand International Corporation S.A.	Foreign	100%
Sundstrand Pacific (Pte) Ltd.	Foreign	100%
Mecanica Falk S.A. de C.V. (10% Owned by Falk)	Foreign	49%
Sundstrand Pacific Finance N.V.	Foreign	100%
Sundstrand Transferencia de Calor, S.A. de C.V.		
(.1% each owned by Sundstrand, Sundstrand		
Service, Falk, and Sullair)	Foreign	100%
Sundstrand Service Corporation	U.S.	100%
Sundstrand Tubular Products, Inc.	U.S.	100%

(1) Owned either directly or indirectly through a subsidiary or joint venture.

(2) Inactive



Attachment 5

Restated Certificate of Incorporation
of Sundstrand Corporation

Financial Condition

On March 31, 1985, cash and cash equivalents were \$3.1 million, a decrease of \$3.6 million from December 31, 1984.

Net funds provided by operating activities of \$3.4 million for the first quarter of 1985 decreased \$35.4 million from the first quarter of 1984. This decrease was primarily the result of an increase in accounts receivable from higher sales and the increase in inventories to support improved Aerospace market conditions expected by the Registrant.

During the first quarter dividends of \$.45 per share were paid and a second quarter dividend of \$.45 per share has been declared. The first quarter dividend payment represents 55.6% of first quarter 1985 after-tax earnings.

Negative cash flow during the first quarter resulted in a ratio of total debt to total capital of 30.2% at March 31, 1985 as compared to 29.0% at year end 1984.



RESTATED CERTIFICATE OF INCORPORATION
OF
SUNDSTRAND CORPORATION

Under Section 245 of the Delaware General Corporation Law

STATE OF DELAWARE
OFFICE OF THE
SECRETARY OF STATE

Filed May 5, 1972
Including Amendments through April 16, 1987

PART II - OTHER INFORMATION

Item 5. Other Information

On April 19, 1985, Registrant and Solar Turbines Incorporated, a wholly owned subsidiary of Caterpillar Tractor Co. announced an agreement in principle providing for the acquisition by Registrant of the Turbomach Division of Solar Turbines for \$100 million in cash plus royalty payments. The agreement in principle, which has been approved by the Boards of Directors of Caterpillar and Registrant, is subject to the negotiation of a definitive agreement and approval thereof by both Boards. Turbomach is a major manufacturer of gas turbine engines for airborne, ground and vehicular auxiliary power units. In 1984, Turbomach product sales were \$73.3 million.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

(20) 1985 Annual Meeting and First Quarter Results

(b) Reports on Form 8-K

No report on Form 8-K has been filed during the quarter ended March 31, 1985.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Sundstrand Corporation
(Registrant)

Date May 3, 1985

/s/ Ted Ross
Ted Ross
Vice President of Finance and Secretary

Date May 3, 1985

/s/ A. Adrian Kemper
A. Adrian Kemper
Controller

RESTATED CERTIFICATE OF INCORPORATION
OF
SUNDSTRAND CORPORATION

SUNDSTRAND CORPORATION, a corporation organized and existing under the laws of the State of Delaware, (the "Corporation") **DOES HEREBY CERTIFY:**

I. That the name of the Corporation is **SUNDSTRAND CORPORATION** and the name under which it was originally incorporated is Sundel Corporation.

II. That the Certificate of Incorporation of the Corporation (under the name Sundel Corporation) was originally filed in the office of the Secretary of State of the State of Delaware on October 17, 1966.

III. That the text of the Certificate of Incorporation of the Corporation as heretofore amended or supplemented is hereby restated, without further amendment or changes, to read in full as follows:

FIRST. The name of the Corporation is

SUNDSTRAND CORPORATION.

SECOND. Its principal office in the State of Delaware is located at No. 100 West Tenth Street, in the City of Wilmington, County of New Castle. The name and address of its resident agent is The Corporation Trust Company, No. 100 West Tenth Street, Wilmington, Delaware 19899.

THIRD. The nature of the business, or objects or purposes to be transacted, promoted or carried on are:

To manufacture, buy, sell, distribute, rent lease and deal in and with, (i) lathes, milling machines, broaching machines, other machine tools, and other machinery of every kind and character and tools therefor, and (ii) hydromechanical transmissions, and pumps, valves and other equipment, components and apparatus of every kind and character.

To carry on the business of mechanical, electrical, and chemical engineers, toolmakers, machinists, founders, metal workers and any other similar business which may seem calculated, directly or indirectly, to enhance the value of or render profitable any of the Corporation's property or rights or conducive to any of the Corporation's objectives.

To manufacture, purchase or otherwise acquire, invest in, own, mortgage, pledge, sell, assign and transfer or otherwise dispose of, trade, deal in and deal with goods, wares and merchandise and personal property of every class and description.

To acquire, and pay for in cash, stock or bonds of this Corporation or otherwise, the good will, rights, assets and property, and to undertake or assume the whole or any part of the obligations or liabilities of any person, firm, association or corporation.

To acquire, hold, use, sell, assign, lease, grant licenses in respect of, mortgage or otherwise dispose of letters patent of the United States or any foreign country, patent rights, licenses and privileges, inventions, improvements and processes, copyrights, trademarks and trade names, relating to or useful in connection with any business of this Corporation.

To acquire by purchase, subscription or otherwise, and to receive, hold, own, guarantee, sell, assign, exchange, transfer, mortgage, pledge or otherwise dispose of or deal in and with any of the shares of the capital stock, or any voting trust certificates in respect of the shares of capital stock, scrip, warrants, rights, bonds, debentures, notes, trust receipts, and other securities, obligations, choses in action and evidences of indebtedness or interest issued or created by any corporations, joint stock companies, syndicates, associations, firms, trusts or persons, public or private, or by the government of the United States of America, or by any foreign government, or by any state, territory, province, municipality or other political subdivision or by any governmental agency, and as owner thereof to possess and exercise all the rights, powers and privileges of ownership, including the right to execute consents and vote thereon, and to do any and all acts and things necessary or advisable for the preservation, protection, improvement and enhancement in value thereof.

To enter into, make and perform contracts of every kind and description with any person, firm, association, corporation, municipality, county, state, body politic or government or colony or dependency thereof.

To borrow or raise moneys for any of the purposes of the corporation and, from time to time without limit as to amount, to draw, make, accept, endorse, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment of any thereof and of the interest thereon by mortgage upon or pledge, conveyance or assignment in trust of the whole or any part of the property of the Corporation, whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such bonds or other obligations of the corporation for its corporate purposes.

To loan to any person, firm or corporation any of its surplus funds, either with or without security.

To purchase, hold, sell and transfer the shares of its own capital stock: provided it shall not use its funds or property for the purchase of its own shares of capital stock when such use would cause any impairment of its capital except as otherwise permitted by law, and provided further that shares of its own capital stock belonging to it shall not be voted upon, directly or indirectly.

To have one or more offices, to carry on all or any of its operations and business and without restriction or limit as to amount to purchase or otherwise acquire, hold, own, mortgage, sell, convey or otherwise dispose of, real and personal property of every class and description in any of the states, districts, territories or colonies of the United States, and in any and all foreign countries, subject to the laws of such state, district, territory, colony or country.

In general, to carry on any other business in connection with the foregoing, and to have and exercise all the powers conferred by the laws of Delaware upon corporations formed under the General Corporation Law of the State of Delaware, and to do any and all of the things hereinbefore set forth to the same extent as natural persons might or could do.

The objects and purposes specified in the foregoing clauses shall, except where otherwise expressed, be in nowise limited or restricted by reference to, or inference from, the terms of any other clause in this Certificate of Incorporation, but the objects and purposes specified in each of the foregoing clauses of this article shall be regarded as independent objects and purposes.

FOURTH. The total number of shares which the Corporation shall have authority to issue is Fifty-three Million (53,000,000) of which Three Million (3,000,000) shares without par value shall be Preferred Stock and Fifty Million (50,000,000) shares of the par value of One Dollar (\$1.00) per share shall be Common Stock. The Preferred Stock shall be issued from time to time in one or more series with such distinctive serial designations and (a) may have such voting powers, full or limited, or may be without voting powers; (b) may be subject to redemption at such time or times and at such prices; (c) may be entitled to receive dividends (which may be cumulative or noncumulative) at such rate or rates, on such conditions, and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes of stock; (d) may have such rights upon the dissolution of, or upon any distribution of the assets of, the Corporation; (e) may be made convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock of the Corporation, at such price or prices or at such rates of exchange, and with such adjustments; and (f) shall have such other relative, participating, optional or other special rights, qualifications, limitations or restrictions thereof, all as shall hereafter be stated and expressed in the resolution or resolutions providing for the issue of such Preferred Stock from time to time adopted by the board of directors pursuant to authority so to do which is hereby vested in the board.

Each share of Common Stock shall entitle the holder thereof to one vote, in person or by proxy, at any and all meetings of the stockholders of the Corporation.

No stockholder, as such, shall have any preemptive right to subscribe for or purchase any additional shares of stock or securities convertible into or carrying warrants or options to acquire shares of stock of the Corporation.

Any and all right, title, interest and claim in or to any dividends declared by the Corporation, whether in cash, stock or otherwise, which are unclaimed by the stockholder entitled thereto for a period of six years after the close of business on the payment date, shall be and be deemed to be extinguished and abandoned; and such unclaimed dividends in the possession of the Corporation, its transfer agents or other agents or depositaries, shall at such time become the absolute property of the Corporation, free and clear of any and all claims of any persons whatsoever.

A statement of the creation and authorization of issuance of each series of Preferred Stock and the voting powers, designation, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions of each such series of Preferred Stock shall be as follows:

a. \$3.50 PREFERRED STOCK

Pursuant to the provisions of Article Fourth of the Certificate of Incorporation, as amended or supplemented, of the corporation, there is hereby created and authorized to be issued a series of the Corporation's Preferred Stock, no par value, consisting of 783,484 shares which shall have the following voting powers, designation, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions:

1. **Designation.** The serial designation of said series of Preferred Stock shall be \$3.50 Cumulative Convertible Preferred Stock ("3.50 Preferred Stock").

2. **Dividends.**

(a) The holders of the 3.50 Preferred Stock shall be entitled to cumulative cash dividends at the rate of \$3.50 per share per annum (and no more), when and as declared by the Board, out of any funds of the Corporation at the time legally available for the payment of cash dividends on shares of the 3.50 Preferred Stock, payable quarterly on such day during each of the months of March, June, September and December of each calendar year (each such day being hereinafter called a "dividend payment date") as the Board may from time to time fix and determine, except that with respect to any share of 3.50 Preferred Stock originally issued within sixty (60) days next preceding any given dividend payment date, the initial dividend on such share of 3.50 Preferred Stock may, at the option of the Corporation, be paid on the dividend payment date next succeeding, and not more than one hundred and eighty (180) days after, the date on which such share of 3.50 Preferred Stock shall have been originally issued. Such dividends on each share of 3.50 Preferred Stock shall accrue daily, and shall be cumulative, from the date on which such share of 3.50 Preferred Stock shall have been originally issued and shall so accrue and be cumulative whether or not the Corporation shall have had net profits or assets legally available for such dividends in any quarterly dividend payment period. Holders of shares of 3.50 Preferred Stock shall not be entitled to receive any dividends thereon other than full cumulative dividends in cash at the above specified rate, and shall be entitled to no interest on unpaid cumulative dividends.

(b) Unless the full amount of cumulative dividends on 3.50 Preferred Stock up to and including the next following dividend payment date shall have been paid, or declared and a sum sufficient for the payment thereof set apart, neither the Corporation nor any subsidiary of the Corporation shall at any time (a) set aside or apply any sum for the purchase or redemption of any outstanding capital stock of the Corporation of any class or series (whether by purchase or by redemption pursuant to any sinking fund provisions, optional redemption provisions or otherwise), or (b) declare any dividend (other than a dividend payable in Common Stock of the Corporation ("Common Stock")) or set aside or apply any sum for the payment of any dividend or other distribution on the Common Stock, or any other class of stock, of the Corporation except Preferred Stock.

(c) The Corporation shall not issue Preferred Stock of any series having dividend payment dates different from those of the 3.50 Preferred Stock and shall not issue any Preferred Stock, other than 3.50 Preferred Stock, unless full cumulative dividends on all outstanding shares of 3.50 Preferred Stock up to and including the dividend payment date next following the date of such issuance shall have been paid, or declared and a sum sufficient for the payment thereof set apart; and neither the Corporation nor any subsidiary of the Corporation shall declare any dividend or make any other distribution or set aside or apply any sum for the payment of any dividend or any other distribution on any series of Preferred Stock, other than 3.50 Preferred Stock, if after giving effect to such dividend and to all dividends on the 3.50 Preferred Stock paid or declared and covered by a sum set aside for the payment thereof, the ratio between the unpaid cumulative dividends on the 3.50 Preferred Stock and its annual dividend rate would be greater than the same ratio in the case of each such other series of Preferred Stock.

(d) Nothing in this Section 2 shall be construed to prevent the declaration and payment by a subsidiary of the Corporation of a dividend or distribution if the entire amount thereof to be paid to all stockholders of such subsidiary will be paid to the Corporation.

(e) For the purposes of this Section 2, a corporation is a subsidiary of another corporation (the parent) if a majority of the subsidiary's outstanding capital stock ordinarily entitled to vote in the election of directors (excluding stock which is entitled to vote in the election of directors only upon the happening of some contingency such as failure to pay dividends) is owned by the parent and/or one or more of its subsidiaries. A corporation is also the subsidiary of another corporation if its parent is a subsidiary of such other corporation.

3. Redemption.

(a) Shares of \$3.50 Preferred Stock may be redeemed, in whole or in part, at any time or from time to time, after the fifth anniversary of the date on which any shares of \$3.50 Preferred Stock are first issued, at the option of the Corporation expressed by resolution of the Board, by payment in cash therefor, at a redemption price of \$90 per share, plus, in each case, an amount equal to all unpaid cumulative dividends accrued to date of redemption (the "Redemption Date").

(b) If less than all outstanding shares of \$3.50 Preferred Stock are to be redeemed, the shares to be redeemed shall be selected either by lot or pro rata in such manner as may be determined by resolution of the Board. Notice to the holders of shares of \$3.50 Preferred Stock to be redeemed shall be given by mailing to such holders a notice of such redemption, first class, postage prepaid, not later than the forty-fifth (45th) day, and not earlier than the sixtieth (60th) day, before the Redemption Date, at their last addresses as they shall appear upon the books of the Corporation. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the stockholder receives such notice, and failure duly to give such notice by mail, or any defect in such notice, to any stockholder any of whose shares of \$3.50 Preferred Stock shall have been designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of \$3.50 Preferred Stock.

(c) The notice of redemption to each stockholder whose shares of \$3.50 Preferred Stock are to be redeemed shall specify the number of shares of \$3.50 Preferred Stock of such stockholder to be redeemed, the Redemption Date and the redemption price (including, in each case, all unpaid cumulative dividends accrued to the Redemption Date) at which shares of \$3.50 Preferred Stock are to be redeemed, and shall specify where payment of such redemption price is to be made upon surrender of such shares, shall state the conversion price then in effect, and shall state that accrued dividends to the Redemption Date will be paid as specified in said notice, that from and after the Redemption Date dividends thereon will cease to accrue, and that conversion rights of such shares shall cease and terminate at the close of business on the Redemption Date.

(d) In the case of each share of \$3.50 Preferred Stock called for redemption as above provided, the Corporation shall be obligated (unless such share shall be converted on or prior to the close of business on the Redemption Date) to pay to the holder thereof the redemption price plus, in each case, all unpaid cumulative dividends, if any, accrued to the Redemption Date, upon surrender of the certificate for such share at the office of any transfer agent for the \$3.50 Preferred Stock, on or after the Redemption Date. Unless the Corporation shall default in the payment of the redemption price plus, in each case, all unpaid cumulative dividends, if any, accrued to the Redemption Date, dividends on each share of \$3.50 Preferred Stock so called for redemption shall cease to accrue from and after the Redemption Date.

(e) Notwithstanding the preceding paragraph, if, on or prior to any Redemption Date, the Corporation deposits with any bank or trust company in the City of Chicago, State of Illinois, or in the Borough of Manhattan, the City of New York, State of New York (having a capital surplus and undivided profits aggregating at least \$5,000,000) as a trust fund, a sum sufficient to redeem, on the Redemption Date thereof, the shares of \$3.50 Preferred Stock called for redemption, with irrevocable instructions and authority to the bank or trust company to mail notice of redemption thereof as above provided if such mailing shall not have been completed at the time of such deposit, or to complete such mailing if theretofore commenced, and to pay, on and after the Redemption Date, the redemption price plus, in each case, an amount equal to all unpaid cumulative dividends accrued to the Redemption Date, of the shares of \$3.50 Preferred Stock called for redemption to their respective

holders upon the surrender of their share certificates evidencing such shares, then from and after the Redemption Date, the shares of \$3.50 Preferred Stock so called for redemption shall (unless such shares shall be converted on or prior to the close of business on the Redemption Date) be deemed to be redeemed and dividends on those shares shall cease to accrue after the Redemption Date. The deposit shall be deemed to constitute full payment of the shares to their holders and, from and after the Redemption Date, the shares of \$3.50 Preferred Stock so called for redemption shall be deemed to be no longer outstanding, and the holders thereof shall cease to be stockholders with respect to such shares and shall have no rights with respect thereto except the right to receive from the bank or trust company payment of the redemption price plus, in each case, an amount equal to all unpaid cumulative dividends accrued to the Redemption Date, without interest, upon surrender of their certificates therefor. Any funds so deposited, which shall not be required for the payment of the redemption price of such shares plus, in each case, an amount equal to all unpaid cumulative dividends accrued to the Redemption Date, by reason of the exercise of any right of conversion subsequent to the date of such deposit, shall be paid over to the Corporation forthwith. At the expiration of six (6) years after the Redemption Date, any such funds then remaining on deposit with such bank or trust company shall be paid over to the Corporation, free of trust, and thereafter the holders of the certificates for such shares shall have no claims against such bank or trust company. Any interest on or other accretions to funds deposited with such bank or trust company shall belong to the Corporation.

(f) Subject to the provisions of Section 2 the Corporation may, from time to time purchase, either at public or private sale, all or any part of the shares of its outstanding \$3.50 Preferred Stock at such price or prices as the Corporation shall determine except that in no event shall the Corporation purchase any share of its outstanding \$3.50 Preferred Stock at a price which exceeds the price permitted by the laws of the State of Delaware.

(g) All shares of \$3.50 Preferred Stock redeemed or purchased as hereinabove provided shall be retired and cancelled and shall not be reissued, and no shares shall be issued in lieu thereof or in exchange therefor, and the Corporation may from time to time take such appropriate action as may be necessary to reduce the number of authorized shares of Preferred Stock accordingly.

4. Rights on Liquidation. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of shares of \$3.50 Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders an amount equal to \$90 per share, plus, in each case, an amount equal to all unpaid cumulative dividends accrued to the date of any such distribution (and no more), before any payment shall be made to the holders of Common Stock or any other class of stock of the Corporation other than Preferred Stock. If the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay in full all amounts to which the holders of Preferred Stock of all series are entitled, the amount available for distribution to stockholders shall be shared by the holders of all series of Preferred Stock pro rata according to the amounts to which the shares of each series are entitled. For the purposes of this Section 4, a consolidation or merger of the Corporation with any other corporation, or the sale, transfer or lease of all or substantially all its assets shall not constitute or be deemed a liquidation, dissolution or winding up of the Corporation.

5. Conversion.

(a) Shares of the \$3.50 Preferred Stock shall be convertible at the option of the record holders thereof at any time and from time to time (or if called for redemption, then to and including but not after the close of business on the Redemption Date, unless default shall be made in the payment of the redemption price), at the places specified in subsection (d) of this Section 5, into fully paid and non-assessable shares of Common Stock of the Corporation, at the rate of one share of Common Stock for each share of \$3.50 Preferred Stock so converted (such rate being hereinafter referred to as the "initial conversion rate"); provided, however, that the initial conversion rate shall be subject to adjustment as hereinafter provided. No payment or adjustment shall be made for dividends accrued on any \$3.50 Preferred Stock that shall be converted, or for dividends on any Common Stock that shall be issuable upon conversion, provided that a holder of record of the \$3.50 Preferred Stock on the record date for the payment of a dividend thereon shall be entitled to such dividend notwithstanding his conversion of such \$3.50 Preferred Stock before such dividend is paid.

(b) The conversion rate specified in subsection (a) of this Section 5 is based upon a value for the Common Stock, which value shall, until adjusted as hereinafter provided, for all purposes of this subsection (b), be assumed to be \$82.91 (hereinafter called the "initial conversion price"), but such initial conversion price and the initial conversion rate founded thereon, as well as any subsequently adjusted conversion rate and subsequently adjusted conversion price, shall be subject to adjustment from time to time in the following manner:

(i) Except as hereinafter otherwise specifically provided, in case the Corporation shall at any time (a) issue or sell any shares of its Common Stock without consideration, or for a consideration per share less than the conversion price, initial or adjusted, in effect immediately prior to the date of such issue or sale (herein referred to as the "current conversion price"), or (b) pay or make any extraordinary dividend or distribution on its Common Stock, then, and thereafter successively upon each such issuance or sale, the current conversion price shall be reduced to a price (calculated to the nearest cent) determined by dividing (i) an amount equal to the sum of (x) the number of shares of Common Stock outstanding when the current conversion price became effective multiplied by the current conversion price, plus (y) the aggregate consideration, if any, received by the Corporation upon all issuances and sales of Common Stock since the current conversion price became effective (exclusive of shares of Common Stock issued or sold as provided in paragraph (vii) of subsection (b) of this Section 5) including the issuance or sale in question, minus the aggregate amount of all extraordinary dividends or distributions paid by the Corporation since the current conversion price became effective, by (ii) the total number of shares of Common Stock outstanding immediately after such issuance, sale, dividend or distribution.

(ii) For the purpose of any computation to be made in accordance with the provisions of paragraph (i) above, the following provisions shall be applicable:

A. In case of the issuance or sale of shares of Common Stock for a consideration part or all of which shall be cash, the amount of cash consideration therefor shall be deemed to be the amount of cash received by the Corporation for such shares (or, if shares of Common Stock are offered by the Corporation for subscription, the subscription price, or, if shares of Common Stock shall be sold to underwriters or dealers for public offering without a subscription offering, the initial public offering price) without deducting therefrom any compensation paid or discount allowed to underwriters or dealers or others performing similar services or any expenses incurred in connection therewith.

B. In case of the issuance, otherwise than on conversion or exchange of securities of the Corporation convertible into Common Stock (hereinafter called "Convertible Securities"), or sale of shares of Common Stock for a consideration part or all of which shall be other than cash, the amount of that part of the consideration therefor other than cash shall be deemed to be the fair value of such consideration as determined by the Board.

C. The number of shares of Common Stock at any time outstanding shall (i) include any shares then owned or held by or for the account of the Corporation or any subsidiary, (ii) not include any of the shares referred to in paragraph (vii) of subsection (b) of this Section 5, and (iii) include shares issuable in payment of a dividend or other distribution on Common Stock as though such shares had been issued on the record date for such dividend or distribution.

(iii) Except as hereinafter otherwise provided, in case the Corporation at any time shall in any manner (whether as a dividend or distribution on Common Stock or otherwise) issue or grant any warrants, rights or options to subscribe for or purchase shares of Common Stock or Convertible Securities, or shall issue or sell any Convertible Securities, and the price per share at which shares of Common Stock are issuable upon the exercise of such warrants, rights or options or upon conversion or exchange of such Convertible Securities as determined below, shall be less than the current conversion price in effect immediately prior to the issuance of such warrants, rights, options, or Convertible Securities, said current conversion price shall be reduced in

accordance with the provisions of paragraphs (i) and (ii) above, and for purposes of paragraphs (i) and (ii) above:

A. The aggregate maximum number of shares of Common Stock issuable upon the exercise of any such warrants, rights or options at the earliest time at which the same become exercisable shall be deemed to have been issued and to be outstanding at the time such warrants, rights or options were issued or granted, and each share of Common Stock comprising such aggregate maximum number of shares shall be deemed to have been so issued for a price per share equal to the quotient obtained by dividing said aggregate maximum number of shares into the sum of (i) the actual aggregate consideration (the value of which shall be determined in the same manner as the consideration, if any, received by the Corporation upon the issue or sale by it of shares of Common Stock), if any, received by the Corporation upon the issuance or granting of such warrants, rights or options, (ii) the minimum aggregate amount of additional consideration payable to or receivable by the Corporation upon the exercise of such warrants, rights or options, and if, but only if, such warrants, rights or options cover Convertible Securities (iii) the minimum aggregate amount of additional consideration, if any, payable to, or receivable by, the Corporation upon the conversion or exchange of such Convertible Securities at the earliest time at which such Convertible Securities become convertible or exchangeable.

B. The aggregate maximum number of shares of Common Stock issuable upon the conversion of Convertible Securities at the earliest time at which such Convertible Securities become convertible or exchangeable shall be deemed to be issued and to be outstanding at the time of issuance or sale of such Convertible Securities, and each share of Common Stock comprising such aggregate maximum number of shares shall be deemed to have been issued or sold for a price per share equal to the quotient obtained by dividing said aggregate maximum number of shares into the sum of (i) the actual aggregate consideration (the value of which shall be determined in the same manner as the consideration, if any, received by the Corporation upon the issue or sale by it of shares of Common Stock), if any, received by the Corporation upon the issue or sale of such Convertible Securities, and (ii) the minimum aggregate amount of additional consideration, if any, payable to or receivable by the Corporation upon the conversion or exchange of such Convertible Securities at the earliest time at which such Convertible Securities become convertible or exchangeable.

C. No further adjustment in the current conversion price shall be made upon the actual issue or sale of any Common Stock or Convertible Securities which are deemed, by reason of Items A or B above to have been sold or issued prior to the actual sale thereof, or upon the conversion or exchange of any such Convertible Securities deemed to have been so issued or sold.

D. No adjustment in the price per share at which any share of Common Stock shall be deemed to have been issued pursuant to Items A or B above shall be made, but to the extent that any such warrants, rights or options expire or to the extent that the right to convert or exchange any such Convertible Securities shall terminate, the current conversion price shall forthwith be adjusted to the current conversion price which would have obtained had the adjustment in the current conversion price made upon the granting or issuance of such warrants, rights or options, or upon the issuance or sale of such Convertible Securities, been made upon the basis of the issuance or sale of only the number of shares of Common Stock actually issued upon the exercise of such warrants, rights or options or the conversion or exchange of such Convertible Securities, and the number of shares of Common Stock deemed, pursuant to Items A and B above, to be issuable upon the exercise of outstanding warrants, rights or options which have not then expired or upon the conversion or exchange of any outstanding Convertible Securities in respect of which the right to convert or exchange shall not then have terminated.

(iv) In case the Corporation shall at any time issue any shares of Common Stock by way of dividend or other distribution on the Common Stock of the Corporation or subdivide or combine the outstanding shares of Common Stock, the current conversion price shall forthwith be proportionately decreased in the case of such a dividend, distribution or subdivision or proportionately increased in the case of combination. Any shares of Common Stock issued upon any such dividend or distribution shall be deemed to have been issued at the close of business on the record date for the determination of stockholders entitled to receive the same.

(v) In case of any reclassification of or change on Common Stock issuable upon conversion of \$3.50 Preferred Stock, or in case of any consolidation or merger of the Corporation with or into another corporation, or in case of any sale or conveyance to another corporation of all or substantially all of the assets of the Corporation, the holder of each share of \$3.50 Preferred Stock then outstanding shall have the right thereafter, so long as his conversion right hereunder shall exist, to convert such share into the kind and amount of shares of stock, other securities and property receivable upon such reclassification, change, consolidation, merger, sale or conveyance, by a holder of the number of shares of Common Stock of the Corporation into which such shares of \$3.50 Preferred Stock might have been converted immediately prior to such reclassification, change, consolidation, merger, sale or conveyance, and shall thereafter have no other conversion rights under these provisions; provided, that effective provision shall be made by the Corporation or the resulting, surviving or purchasing corporation, in its Articles or Certificate of Incorporation, or otherwise, so that (a) the holder of each share of \$3.50 Preferred Stock then outstanding shall thereafter have the right to convert such share of \$3.50 Preferred Stock into the kind and amount of stock, securities and property to which such holder would have been entitled if he had held the Common Stock issuable upon the conversion of shares of \$3.50 Preferred Stock immediately prior to such reclassification, change, consolidation, merger, sale or conveyance and (b) there shall be subsequent adjustments in the conversion price which shall be equivalent, as nearly as practicable to the adjustments provided for in paragraph (i) of subsection (b) of this Section 5. The provisions of this paragraph (v) shall similarly apply to successive reclassifications, changes, consolidations, mergers, sales or conveyances. The subdivision or combination of shares of Common Stock at any time outstanding into a greater or lesser number of shares of Common Stock (whether with or without par value) shall not be deemed to be a reclassification of the Common Stock of the Corporation for the purposes of this paragraph (v).

(vi) If the amount of any adjustment of the current conversion price pursuant to the foregoing provisions would be less than fifty cents per share, no reduction shall be made, but in any such case any adjustment that would otherwise then be required to be made shall be carried forward and shall be made at the time and together with the next subsequent adjustment, which, together with any adjustment so carried forward, shall amount to not less than fifty cents per share. In case the Corporation shall at any time subdivide or combine the outstanding shares of Common Stock, said amount of fifty cents per share (as theretofore increased or decreased, if said amount shall have been adjusted in accordance with the provisions of this paragraph) shall forthwith be proportionately increased in the case of a combination or proportionately decreased in the case of such a subdivision so as appropriately to reflect the same (in each case to the nearest cent).

(vii) Notwithstanding anything to the contrary contained in this Section 5, no adjustment of the conversion price shall be made:

A. In connection with the issuance by the Corporation of any shares of Common Stock pursuant to any employee stock options, employee stock option plans or employee stock purchase plans, whether adopted or assumed by the Corporation before or after the issuance of any shares of \$3.50 Preferred Stock;

B. In connection with the issuance by the Corporation of any shares of Common Stock upon the conversion of any of the Corporation's 5 3/4% Convertible Subordinated Notes due February 1, 1987, and outstanding on September 30, 1967, or upon the conversion of any of the 5% Convertible Subordinated Debentures due December 1, 1974, of United Control Corporation, a wholly-owned subsidiary of the Corporation, outstanding on September 30, 1967, or upon conversion of \$3.50 Preferred Stock; or

C. In connection with the issuance by the Corporation of Common Stock or any other securities, convertible or otherwise, including rights, warrants or to subscribe for or purchase the same, as consideration primarily for the acquisition by the Corporation, or any subsidiary of the Corporation, of the whole, or of more than 33 1/3%, of a going business, whether by means of a merger, consolidation, acquisition of assets or capital stock of such business, or otherwise.

(viii) The reclassification of securities other than Common Stock into securities including Common Stock shall be deemed to involve the issuance for a consideration other than cash of such Common Stock at the close of business or the date fixed for the determination of stockholders entitled to receive such Common Stock.

(ix) Upon any adjustment of the then current conversion price as in this Section 5 provided, the conversion rate then in effect shall be adjusted as follows: The number of shares of Common Stock into which a share of \$3.50 Preferred Stock was convertible immediately prior to such adjustment shall be divided by a fraction, the numerator of which shall be the conversion price immediately after such adjustment and the denominator of which shall be the conversion price in effect immediately prior to such adjustment, and the quotient resulting from such division shall be the conversion rate in effect immediately after such adjustment, provided, however, that in no event shall any such adjustment result in the holder of any share of \$3.50 Preferred Stock being or becoming entitled to receive, on the exercise of his conversion rights, a number of shares of Common Stock which is less than one share of Common Stock for each share of \$3.50 Preferred Stock surrendered by him for conversion, except only in consequence of the operation of paragraph (iv) above in case the outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock. In no event shall any adjustment in the conversion price as herein provided increase the current conversion price to an amount in excess of the initial conversion price or reduce the current conversion rate below the initial conversion rate, except only as a result of the operation of paragraph (iv) above in the event that the outstanding shares of Common Stock shall then be combined into a smaller number of shares of Common Stock.

(x) Any adjustment as herein provided shall remain in effect until further adjustment is required hereunder. Upon each such adjustment a written instrument, signed by an executive officer of the Corporation, setting forth such adjustment and a computation and a summary of the facts upon which it is based and the resolutions, if any, of the Board passed in connection therewith, shall forthwith be filed with the Transfer Agent or Agents for the \$3.50 Preferred Stock, and within fifteen (15) days after such adjustment has been made, the Corporation shall cause to be sent to each then holder of record of the \$3.50 Preferred Stock a notice of such adjustment, including the current conversion price resulting therefrom, and a computation and a summary of facts upon which it is based.

(c) No fraction of a share of Common Stock shall be issued upon any conversion but, in lieu thereof, there shall be paid, to the holder of the \$3.50 Preferred Stock surrendered for conversion as soon as practicable after the date such shares of \$3.50 Preferred Stock are surrendered for conversion, an amount in cash equal to the same fraction of the market value of a full share of Common Stock, unless the Board shall determine to adjust fractional shares by the issue of fractional scrip certificates or in some other manner. For such purposes the market value of a share of Common Stock shall be the last recorded sale price regular way for the Common Stock on the New York Stock Exchange on the

last business day immediately preceding the day upon which such shares are surrendered for conversion, or if there be no such recorded sale price on such day, the last quoted bid price per share of Common Stock on such Exchange at the close of trading such day. The Corporation shall pay all issue taxes, if any, incurred in respect to the issue of Common Stock on conversion, provided, however, that the Corporation shall not be required to pay any transfer or other taxes incurred by reason of the issuance of such Common Stock in names other than those in which the \$3.50 Preferred Stock surrendered for conversion may stand.

(d) In order to convert shares of \$3.50 Preferred Stock into shares of Common Stock, the holder thereof shall surrender the certificate or certificates for \$3.50 Preferred Stock, duly endorsed to the Corporation or in blank, at the office of any Transfer Agent for the \$3.50 Preferred Stock located in the Borough of Manhattan, The City and State of New York, or at such other offices or agencies of the Corporation, if any, as the Board may determine, and shall give written notice to the Corporation at any such office or agency that he elects to convert the same and shall state in writing therein the name or names in which he wishes the certificate or certificates for shares of Common Stock to be issued. The Corporation will, as soon as practicable thereafter, deliver at said office to such holder of \$3.50 Preferred Stock, or to his nominee or nominees, a certificate or certificates for the number of full shares of Common Stock to which he shall be entitled as aforesaid and make payment for any fractional share. Shares of \$3.50 Preferred Stock shall be deemed to have been converted as of the date of the surrender of such shares for conversion as provided above, and the holder thereof shall be deemed to have terminated his record holdings of such shares of \$3.50 Preferred Stock so converted as of the close of business on the day of surrender, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of the close of business on such day.

(e) All shares of \$3.50 Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall forthwith cease and determine except only the right of the holders thereof to receive full shares of Common Stock in exchange therefor and payment for any fractional shares, provided that a holder of record of \$3.50 Preferred Stock on the record date for the payment of a dividend thereon shall be entitled to such dividend notwithstanding his conversion of such \$3.50 Preferred Stock before such dividend is paid. All shares of \$3.50 Preferred Stock so converted shall be retired and cancelled and shall not be reissued, and no shares shall be issued in lieu thereof or in exchange therefor, and the Corporation may from time to time take such appropriate action as may be necessary to reduce the number of authorized shares of Preferred Stock accordingly.

(f) A number of shares of authorized Common Stock sufficient to provide for the conversion of all shares of the \$3.50 Preferred Stock then issued and outstanding, upon the basis hereinbefore provided, shall at all times be reserved for such conversion.

(g) In case at any time the Corporation shall:

(i) pay any dividend or make any distribution upon its Common Stock other than a dividend payable in cash (except any extraordinary dividends or distributions), or shall offer to the holders of its Common Stock, as such holders, for purchase or subscription by them any shares of stock or other securities or shall offer or grant such holders any other rights or benefits; or

(ii) propose a subdivision of its outstanding shares of Common Stock or propose a combination of the Corporation's outstanding shares of Common Stock into a smaller number of shares of Common Stock; or

(iii) propose any capital reorganization or any reclassification of capital stock of the Corporation or any consolidation, merger or sale of all or substantially all of its assets, except in such cases where stockholder approval is required;

then, and in each of said cases, the Corporation shall cause notice thereof to be mailed to each record holder of shares of \$3.50 Preferred Stock at his address appearing on the books of the Corporation, but such mailing shall be solely for the convenience of the holders of shares of \$3.50 Preferred Stock and shall not be a condition precedent to, nor shall any defect therein or failure in connection

therewith affect, the validity of the action taken by the Corporation. Such notices shall be mailed at least fifteen (15) days prior to the date on which the books of the Corporation shall close or record date shall be taken for such dividend, distribution, subscription, stock split or combination, or to vote upon such capital reorganization, reclassification, consolidation, merger or sale of all or substantially all of its assets, as the case may be. Such notice shall specify such record date or date for the closing of the transfer books with respect to any of the foregoing which may affect the then existing conversion rights of holders of the \$3.50 Preferred Stock.

(h) For purposes of this Section 5, the term "Common Stock" shall mean any stock of any class of the Corporation other than preferred, preference or similar stock with a fixed limit on dividends and a fixed limit on amounts payable in the event of any voluntary liquidation, dissolution or winding up of the Corporation.

(i) For purposes of this Section 5, a dividend or distribution on Common Stock shall be deemed an extraordinary dividend or distribution if paid in cash otherwise than out of earned surplus or in property or securities (excluding Common Stock, Convertible Securities other than convertible debt securities, and rights or options to subscribe for or purchase Common Stock or Convertible Securities). An extraordinary dividend or distribution shall be deemed to have been paid or made on the record date therefor and the amount thereof, if payable in property, shall be deemed to be the fair value of such property on such record date, as determined by the Board.

6. Voting

(a) Subject to the provisions of any applicable law, or of the By-Laws of the Corporation as from time to time amended, with respect to the fixing of a record date for the determination of stockholders entitled to vote, at each meeting of stockholders of the Corporation each holder of record of shares of \$3.50 Preferred Stock shall be entitled to cast one vote for each share of \$3.50 Preferred Stock standing in such holder's name on the record books of the Corporation (with the same rights of cumulative voting, if any, as the Common Stock) on each matter on which the holders of record of the Common Stock shall be entitled to vote, voting together with the holders of record of the Common Stock and other series of Preferred Stock entitled to vote with the Common Stock, and not by classes or by series. Each such record holder of shares of \$3.50 Preferred Stock shall be entitled to notice of any such meeting of stockholders. In addition, so long as any shares of \$3.50 Preferred Stock are outstanding, if at the time of any annual or special meeting of stockholders for the election of directors a default in preferred dividends, as hereinafter defined, shall exist, the holders of shares of the Preferred Stock voting separately as a class without regard to series (with each share of Preferred Stock being entitled to one vote on a noncumulative basis) shall have the right to elect two members of the Board and the holders of the Common Stock, the \$3.50 Preferred Stock and any other series of Preferred Stock entitled to vote with the Common Stock, voting separately as another class, shall be entitled to elect the remaining members of the Board. Any director elected by the holders of the Preferred Stock, voting as a class aforesaid, shall continue to serve as such director for the full term for which he shall have been elected notwithstanding that prior to the end of such term a default in preferred dividends shall cease to exist. If, prior to the end of the term of any director elected by the holders of the Preferred Stock, voting as a class as aforesaid, a vacancy in the office of such director shall occur by reason of death, resignation, removal or disability, or for any other cause, the remaining director so elected by the holders of shares of the Preferred Stock, voting as a class, shall be entitled to nominate for election by the Board a successor director to hold office for the unexpired term of the director whose position has become vacant. If the vacancy is not filled by the election of such nominee or if there is then in office no director who has been elected by the holders of shares of the Preferred Stock, voting as a class, the Corporation shall, as soon as reasonably may be done, call (on at least 20 days' notice) a special meeting of the holders of shares of the Preferred Stock for the purpose of filling such vacancy or vacancies in the Board. If the Company fails to call such a meeting within 30 days after a written request by any three or more holders of shares of the Preferred Stock, then such

three or more holders of shares of the Preferred Stock may call (on at least 20 days' notice) a special meeting of the holders of shares of the Preferred Stock for such purpose and, if the vacancy or vacancies are not theretofore filled as hereinabove provided, it or they may be filled at such meeting by the holders of shares of the Preferred Stock, voting separately as a class regardless of series. For the purposes of this Section 6, a default in preferred dividends shall be deemed to have occurred whenever the amount of unpaid cumulative dividends upon any series of Preferred Stock shall be equivalent to six full quarterly-yearly dividends or more, and having so occurred, such default in preferred dividends shall be deemed to exist thereafter until, but only until, all accrued dividends on all shares of Preferred Stock then outstanding shall have been paid to the end of the last preceding quarterly dividend period.

(b) Without the written consent or affirmative vote of the holders of at least two-thirds of the aggregate number of shares of Preferred Stock at the time outstanding given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, without regard to series, the Corporation shall not amend, alter or repeal the preferences, special rights or other powers of the Preferred Stock as set forth in the Certificate of Incorporation or in any certificate providing for the authorization of Preferred Stock of any series so as to affect the Preferred Stock adversely (and the authorization or issuance of any class of stock with preference or priority over the Preferred Stock as to the right to receive either dividends or amounts distributable upon liquidation, dissolution or winding up, shall be deemed so to affect the Preferred Stock adversely).

FIFTH. The minimum amount of capital with which the Corporation will commence business is one thousand dollars (\$1,000).

SIXTH. The Corporation is to have perpetual existence.

SEVENTH. The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

EIGHTH. In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized:

To make, alter, amend or repeal the By-Laws of the Corporation; to issue, sell, grant options to purchase and dispose of shares of the authorized and previously unissued stock of any class of the Corporation and shares of its outstanding stock of any class held in its treasury; to issue, sell and dispose of the bonds, debentures, notes and other obligations or evidences of indebtedness of the Corporation, including bonds, debentures, notes and other obligations or evidences of indebtedness of the Corporation convertible into stock of any class of the Corporation; to authorize and cause to be executed mortgages and liens upon the real and personal property of the Corporation including after-acquired property; to declare and pay dividends on the stock of any class of the Corporation; to set apart out of any of the funds of the Corporation available for dividends or otherwise a reserve or reserves for any proper purpose and to abolish any such reserve in the manner in which it was created.

To designate one or more committees, by resolution passed by a majority of the whole board, each committee to consist of two or more of the directors of the Corporation, which, to the extent provided in the resolution or in the By-Laws of the Corporation, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it, and each committee shall have such name as may be stated in the By-Laws of the Corporation or as may be determined from time to time by resolution adopted by the board of directors.

When and as authorized by the affirmative vote of the holders of a majority of the stock issued and outstanding having voting power (or such greater amount of such stock as may be required by any other provision of this Certificate of Incorporation, as amended from time to time) given at a stockholders' meeting duly called for that purpose, or when authorized by the written consent of the holders of a majority of the voting stock issued and outstanding (or such greater amount of such stock as may be required by any other provision of this Certificate of Incorporation, as amended from time to time), to sell, lease or exchange all of the property and assets of the Corporation, including its good will and its corporate franchises, upon such terms and conditions and for such consideration, which may be in whole or in part shares of stock in, and/or other securities of, any other corporation or corporations, as the board of directors shall deem expedient and for the best interests of the Corporation.

To exercise all other corporate powers and to do all other acts and things as may be exercised or done by the Corporation, subject, however, to the provisions of the statutes of the State of Delaware and of this Certificate of Incorporation and the By-Laws of the Corporation.

NINTH. On and after the special meeting of stockholders on October 16, 1978, the number of directors which shall constitute the whole Board of Directors of the Corporation shall be the number from time to time fixed by the By-Laws of the Corporation, provided that such number of directors shall not be less than eight or more than twelve, and provided, further, that any change in such minimum or maximum number of directors shall be made only by amendment of this Article NINTH.

The directors shall be divided into three classes: Class I, Class II and Class III. Such classes shall be as nearly equal in number as possible. The term of office of the initial Class I directors shall expire at the annual meeting of stockholders in 1971; the term of office of the initial Class II directors shall expire at the annual meeting of stockholders in 1972, and the term of office of the initial Class III directors shall expire at the annual meeting of stockholders in 1973, or thereafter in each case when their respective successors are elected and qualified. At each annual election held after classification and the initial election of directors according to classes, the directors chosen to succeed those whose terms then expire shall be identified as being of the same class as the directors they succeed and shall be elected for a term expiring at the third succeeding annual meeting or thereafter when their respective successors in each case are elected and qualified.

This Article may not be amended unless by the affirmative vote of the holders of four-fifths of all classes of stock of the Corporation entitled to vote in elections of directors considered for the purposes of this Article as one class.

TENTH. Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this Corporation under the provisions of section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

ELEVENTH. Meetings of stockholders may be held outside the State of Delaware, if the By-Laws so provide. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the By-Laws of this Corporation. Elections of directors need not be by ballot unless the By-Laws of the Corporation shall so provide.

TWELFTH. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

THIRTEENTH.

(a) Except as set forth in paragraph (d) of this Article, the affirmative vote or consent of the holders of four-fifths of all classes of stock of the Corporation entitled to vote in elections of directors, considered for the purposes of this Article as one class, shall be required (i) for the adoption of any agreement for the merger or consolidation of the Corporation with or into any other corporation, or (ii) to authorize any sale, lease or exchange of all or substantially all of the assets of the Corporation to, or any sale, lease or exchange to the Corporation or any subsidiary thereof in exchange for securities of the Corporation or any assets of, any other corporation, person or other

entity, if, in either case, as of the record date for the determination of stockholders entitled to notice thereof and to vote thereon or consent thereto such other corporation, person or entity is the beneficial owner, directly or indirectly, of more than 10% of the outstanding shares of stock of the Corporation entitled to vote in elections of directors considered for the purposes of this Article as one class. Such affirmative vote or consent shall be in addition to the vote or consent of the holders of the stock of the Corporation otherwise required by law or any agreement between the Corporation and any national securities exchange.

(b) For the purposes of this Article, any corporation, person or other entity shall be deemed to be the beneficial owner of any shares of stock of the Corporation (i) which it has the right to acquire pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise, or (ii) which are beneficially owned, directly or indirectly (including shares deemed owned through application of the foregoing clause (i) of this paragraph (b), by any other corporation, person or entity with which it or its "affiliate" or "associate" (as defined below) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of stock of the Corporation, or which is its "affiliate" or "associate" as those terms are defined in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect on January 1, 1970. Also for purposes of this Article, the outstanding shares of any class of stock of the Corporation shall include shares deemed owned through application of the foregoing clauses (i) and (ii) of this paragraph (b), but shall not include any other shares which may be issuable pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise.

(c) The board of directors of the Corporation shall have the power and duty to determine for the purposes of this Article, on the basis of information known to the Corporation whether (i) such other corporation, person or other entity beneficially owns more than 10% of the outstanding shares of stock of the Corporation entitled to vote in election of directors, (ii) a corporation, person, or entity is an "affiliate" or "associate" (as defined above) of another and (iii) the memorandum of understanding referred to in paragraph (d) of this Article is substantially consistent with the transaction covered thereby. Any such determination shall be conclusive and binding for all purposes of this Article.

(d) The provisions of this Article shall not be applicable to (i) any merger or consolidation of the Corporation with or into any other corporation, or any sale, lease or exchange of all or substantially all of the assets of the Corporation to, or any sale, lease or exchange to the Corporation or any subsidiary thereof in exchange for securities of the Corporation of any assets of, any other corporation if the board of directors of the Corporation shall by resolution have approved a memorandum of understanding with such other corporation with respect to and substantially consistent with such transaction prior to the time that such other corporation shall have become a holder of more than 10% of the outstanding shares of stock of the Corporation entitled to vote in elections of directors; or (ii) any merger or consolidation of the Corporation with, or any sale, lease or exchange to the Corporation or any subsidiary thereof of any of the assets of, any other corporation of which a majority of the outstanding shares of all classes of stock entitled to vote in elections of directors is owned of record or beneficially by the Corporation and its subsidiaries.

(e) No amendment to the Certificate of Incorporation of the Corporation shall amend, alter, change or repeal any of the provisions of this Article, unless the amendment effecting such amendment, alteration, change or repeal shall receive the affirmative vote or consent of the holders of four-fifths of all classes of stock of the Corporation entitled to vote in elections of directors, considered for the purpose of this Article as one class.

FOURTEENTH. No action required to be taken or which may be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, and the power of stockholders to consent in writing to the taking of any action is specifically denied.

FIFTEENTH.

1. The affirmative vote or consent of the holders of ninety-five percent (95%) of all shares of stock of the Corporation entitled to vote in elections of directors, considered for the purposes of this Article as one class, shall be required for the adoption or authorization of a business combination (as hereinafter defined) with any other entity (as hereinafter defined) if, as of the record date for the determination of stockholders entitled to notice thereof and to vote thereon or consent thereto, such other entity is the beneficial owner, directly or indirectly, of more than thirty percent (30%) of the outstanding shares of stock of the Corporation entitled to vote in elections of directors considered for the purposes of this Article as one class, provided that such ninety-five percent (95%) voting requirement shall not be applicable if:

(a) The cash, or fair market value of other consideration, to be received per share by common stockholders of the Corporation in such business combination bears the same or a greater percentage relationship to the market price of the Corporation's Common Stock immediately prior to the announcement of such business combination as the highest per share price (including brokerage commissions and/or soliciting dealers' fees) which such other entity has theretofore paid for any of the shares of the Corporation's Common Stock already owned by it bears to the market price of the Common Stock of the Corporation immediately prior to the commencement of acquisition of the Corporation's Common Stock by such other entity;

(b) The cash, or fair market value of other consideration, to be received per share by common stockholders of the Corporation in such business combination (i) is not less than the highest per share price (including brokerage commissions and/or soliciting dealers' fees) paid by such other entity in acquiring any of its holdings of the Corporation's Common Stock, and (ii) is not less than the earnings per share of Common Stock of the Corporation for the four full consecutive fiscal quarters immediately preceding the record date for solicitation of votes on such business combination, multiplied by the then price/earnings multiple (if any) of such other entity as customarily computed and reported in the financial community;

(c) After such other entity has acquired a thirty percent (30%) interest and prior to the consummation of such business combination: (i) such other entity shall have taken steps to ensure that the Corporation's Board of Directors included at all times representation by continuing director(s) (as hereinafter defined) proportionate to the stockholdings of the Corporation's public common stockholders not affiliated with such other entity (with a continuing director to occupy any resulting fractional board position); (ii) there shall have been no reduction in the rate of cash dividends payable on the Corporation's Common Stock except as necessary to ensure that each quarterly dividend payment does not exceed fifteen percent (15%) of the net income of the Corporation for the four full consecutive fiscal quarters immediately preceding the declaration date of such dividend, or except as may have been approved by a unanimous vote of the directors; (iii) such other entity shall not have acquired any newly issued shares of stock, directly or indirectly, from the Corporation (except upon conversion of convertible securities acquired by it prior to obtaining a thirty percent (30%) interest or as a result of a pro-rata stock dividend or stock split); and (iv) such other entity shall not have acquired any additional shares of the Corporation's outstanding Common Stock or securities convertible into Common Stock except as a part of the transaction which results in such other entity acquiring its thirty percent (30%) interest;

(d) Such other entity shall not have (i) received the benefit, directly or indirectly (except proportionately as a stockholder) of any loans, advances, guarantees, pledges or other financial assistance or tax credits provided by the Corporation, or (ii) made any major change in the Corporation's business or equity capital structure without the unanimous approval of the directors, in either case prior to the consummation of such business combination; and

(e) A proxy statement responsive to the requirements of the Securities Exchange Act of 1934 shall be mailed to public stockholders of the Corporation for the purpose of soliciting

stockholder approval of such business combination and shall contain at the front thereof, in a prominent place, any recommendations as to the advisability (or inadvisability) of the business combination which the continuing directors, or any of them, may choose to state and, if deemed advisable by a majority of the continuing directors, an opinion of a reputable investment banking firm as to the fairness (or not) of the terms of such business combination, from the point of view of the remaining public stockholders of the Corporation (such investment banking firm to be selected by a majority of the continuing directors and to be paid a reasonable fee for their services by the Corporation upon receipt of such opinion).

The provisions of this Article shall also apply to a business combination with any other entity which at any time has been the beneficial owner, directly or indirectly, of more than thirty percent (30%) of the outstanding shares of stock of the Corporation entitled to vote in elections of directors considered for the purposes of this Article as one class, notwithstanding the fact that such entity has reduced its shareholdings below thirty percent (30%) if, as of the record date for the determination of stockholders entitled to notice of and to vote on or consent to the business combination, such other entity is an "affiliate" of the Corporation (as hereinafter defined).

2. As used in this Article, (a) the term "other entity" shall include any corporation, person or other entity and any other entity with which it or its "affiliate" or "associate" (as defined below) has any agreement, arrangement or understanding, directly or indirectly, for the purpose of acquiring, holding, voting or disposing of stock of the Corporation, or which is its "affiliate" or "associate" as those terms are defined in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect on January 1, 1976, together with the successors and assigns of such persons in any transaction or series of transactions not involving a public offering of the Corporation's stock within the meaning of the Securities Act of 1933; (b) another entity shall be deemed to be the beneficial owner of any shares of stock of the Corporation which the other entity (as defined above) has the right to acquire pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise; (c) the outstanding shares of any class of stock of the Corporation shall include shares deemed owned through application of clause (b) above but shall not include any other shares which may be issuable pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise; (d) the term "business combination" shall include any merger or consolidation of the Corporation with or into any other corporation, or the sale or lease of all or any substantial part of the assets (including stock of subsidiaries) of the Corporation to any other entity, or any sale or lease to the Corporation or any subsidiary thereof of any assets (except assets having an aggregate fair market value of less than \$5 million) of any other entity in exchange for securities of the Corporation; (e) the term "continuing director" shall mean a person who was a member of the Board of Directors of the Corporation elected by the public stockholders prior to the time that such other entity acquired in excess of ten percent (10%) of the stock of the Corporation entitled to vote in the election of directors, or a person recommended to succeed a continuing director by a majority of continuing directors; and (f) for the purposes of subparagraphs 1 (a) and (b) of this Article the term "other consideration to be received" shall include Common Stock of the Corporation retained by its existing public stockholders in the event of a business combination with such other entity in which the Corporation is the surviving corporation.

3. A majority of the continuing directors shall have the power and duty to determine for the purposes of this Article on the basis of information known to them whether (a) such other entity beneficially owns more than thirty percent (30%) of the outstanding shares of stock of the Corporation entitled to vote in election of directors, (b) an other entity is an "affiliate" or "associate" (as defined above) of another, (c) an other entity has an agreement, arrangement or understanding with another or (d) the assets being acquired by the Corporation, or any subsidiary thereof, have an aggregate fair market value of less than \$5,000,000.

4. This Article may not be amended, altered, changed or repealed unless by the affirmative vote or consent of the holders of at least ninety-five percent (95%) of all shares of stock of the Corporation entitled to vote in election of directors, considered for the purposes of this Article as one class; provided that this paragraph 4 shall not apply to, and such ninety-five percent (95%) vote or consent shall not be required for, any amendment, alteration, change or repeal unanimously recommended to the stockholders by the Board of Directors of the Corporation if all of such directors are persons who would be eligible to serve as "continuing directors" within the meaning of paragraph 2 of this Article.

5. Nothing contained in this Article shall be construed to relieve any other entity from any fiduciary obligation imposed by law.

IV. That the foregoing Restated Certificate of Incorporation was duly adopted by the Board of Directors of the Corporation at a meeting of such Board of Directors duly called, convened and held, in accordance with the provisions of Section 245 of the General Corporation Law of the State of Delaware.

V. That the foregoing Restated Certificate of Incorporation of the Corporation only restates and integrates and does not further amend the provisions of said Corporation's Certificate of Incorporation as heretofore amended or supplemented and there is no discrepancy between those provisions and the provisions of the foregoing Restated Certificate of Incorporation.

SIXTEENTH. No director of this Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the Delaware General Corporation Law as the same exists or may hereafter be amended. This provision shall not eliminate or limit the liability of a director for any act or omission occurring prior to the effective date of this Article.

IN WITNESS WHEREOF, said SUNDSTRAND CORPORATION has caused this Restated Certificate of Incorporation, with Amendments through April 16, 1987 incorporated therein, to be signed by Richard M. Schilling, its Vice President and General Counsel, and its corporate seal to be hereunto affixed and attested by William R. Coole, its Assistant Secretary this 12th day of May, 1987.

SUNDSTRAND CORPORATION

By /s/ Richard M. Schilling
Vice President and General Counsel

ATTEST:

By /s/ William R. Coole
Assistant Secretary

As Effective March 10, 1989

SUNDSTRAND CORPORATION

CERTIFICATE OF DESIGNATION

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

VARIABLE RATE PREFERRED STOCK,
SERIES A

SUNDSTRAND CORPORATION, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES that the following resolution was duly adopted on December 23, 1988, by the Financial Operations Committee of the Board of Directors of the Corporation, pursuant to authority conferred by the Board of Directors in a resolution duly adopted on December 2, 1988, which authorized the issuance of up to 1,000 shares of preferred stock, and in a resolution duly adopted on December 23, 1988, which fixed the voting powers of such preferred stock (which voting powers are incorporated in Section 2 of this Certificate of Designation), and by the provisions of the Restated Certificate of Incorporation of the Corporation:

RESOLVED, that pursuant to the authority expressly granted to and invested in the Board of Directors of the Corporation by the provisions of the Restated Certificate of Incorporation of the Corporation and duly delegated to the Financial Operations Committee of the Board of Directors, the Financial Operations Committee hereby fixes the designation, dividend rate, redemption provisions, rights on liquidation or dissolution, and other preferences and relative, participating, optional or other special rights, and the qualifications, limitations, or restrictions thereof (in addition to the designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, set forth in the Restated Certificate of Incorporation of the Corporation which are applicable to any preferred stock) as follows:

1. Designation. The series of preferred stock created and authorized by the resolution of the Board of Directors of the Corporation adopted on December 2, 1988, shall be designated as the "Variable Rate Preferred Stock, Series A" (hereinafter called the "Preferred Stock"). The maximum number of shares of the Preferred Stock shall be 1,000 shares.

2. Voting Rights.

(a) Unless the vote or consent of the Holders (as defined in Section 8) of a greater number of shares shall then be required by law, the consent of the Holders of at least 66-2/3% of all of the shares of the Preferred Stock at the time outstanding, given in person or by proxy, either in writing or by a vote at a meeting called for the purpose at which all of the Holders shall vote together as a separate series, shall be necessary for authorizing, effecting or validating the amendment, alteration or repeal of any of the provisions of the Restated Certificate of Incorporation or of any certificate amendatory thereof or supplemental thereto (including any Certificate of Designation or any similar document relating to any series of preferred stock) which would adversely affect the preferences, powers, rights or privileges of the Preferred Stock; provided, however, that any increase or decrease in the amount of authorized preferred stock or the creation and issuance of other series of preferred stock, or any increase in the amount of authorized shares or issued shares of any other series of preferred stock, in each case ranking junior to the Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect the preference, powers, rights or privileges of the Preferred Stock.

(b) Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the consent of the holders of at least 66-2/3% of all of the shares of the Preferred Stock and all other series of preferred stock ranking on a parity with shares of the Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up and which are granted in the Restated Certificate of Incorporation the right to vote together with the Preferred Stock as a single series on the matters set forth in this subparagraph (b), at the time outstanding, given in person or by proxy, either in writing or by a vote at a meeting called for the purpose at which the Holders and the holders of such other series of preferred stock shall vote together as a single series, shall be necessary for authorizing, effecting or validating the creation, authorization or issuance of any shares of any class or series of stock of the Corporation ranking prior to or on a parity with the shares of the Preferred Stock as to dividends or upon liquidation, dissolution or winding up or the reclassification of any authorized stock of the Corporation into any such prior or parity shares, or the creation, authorization or issuance of any obligation or security convertible into or evidencing the right to purchase any such prior or parity shares.

(c) (i) In the event that there shall be a default in the payment of dividends on the Preferred Stock for six consecutive Dividend Periods (as defined in subparagraph (c)(i) of Section 3)

(which shall be deemed to be dividends in respect of a number of Dividend Periods containing in the aggregate not less than 295 days) (a "Payment Default"), the number of directors then constituting the Board of Directors of the Corporation shall be increased by two, and the Holders shall have the right at the time of such Payment Default, voting together as a single series, to the exclusion of the holders of the Common Stock and any other class or series of capital stock of the Corporation, to elect two directors (the "Preferred Directors") of the Corporation to fill such newly created directorships. Such right shall continue until there are no dividends in arrears upon the Preferred Stock, at which time such right shall terminate, subject to revesting in the event of each and every subsequent Payment Default. Upon any such termination of the right of the Holders to vote as a series for the Preferred Directors as herein provided, the term of office of each Preferred Director then in office shall terminate immediately and the number of directors then constituting the Board of Directors of the Corporation shall be reduced by two.

(ii) Any Preferred Director may be removed only by the vote of the Holders, voting together as a single series, at a meeting of the Corporation's stockholders, or of the Holders, called for such purpose. So long as a Payment Default shall exist, (A) any vacancy in the office of a Preferred Director may be filled (except as provided in the following clause (B)) by a person appointed by an instrument in writing signed by the remaining Preferred Director and filed with the Corporation, and (B) in the case of the removal of any Preferred Director, the vacancy may be filled by a person elected by the vote of the Holders, voting together as a single series, at the same meeting at which such removal shall be voted or at any subsequent meeting. Each director appointed as aforesaid by the remaining Preferred Director shall be deemed, for all purposes hereof, to be a Preferred Director.

(d) On any matter on which the Holders shall be entitled to vote, they shall be entitled to one vote for each share held. The Holders shall have no voting rights other than the rights provided in paragraphs (a), (b) and (c) of this Section 2, and the Preferred Stock shall in all other respects be nonvoting capital stock of the Corporation.

3. Dividends.

(a) (i) The Holders shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation, out of funds legally available therefor, cumulative cash dividends at the Applicable Rate (as defined in subparagraph (c)(i) of this Section 3) per annum, determined as set forth below, and no more, payable on the respective dates set forth below.

(ii) For purposes of the declaration and payment of dividends on the Preferred Stock from the Date of Original Issue to and including January 9, 1990, the Preferred Stock shall, at the option of the initial Holder exercised on the Date of Original Issue, be divided into two equal tranches each consisting of 500 shares (each a "Tranche" and referred to herein as "Tranche A" and "Tranche B," respectively). In the event that such option is not exercised, then all of the outstanding shares of the Preferred Stock shall be deemed to constitute a single Tranche A during such Period. From and after January 9, 1990, dividends on all of the shares of the Preferred Stock shall be payable on the same Dividend Payment Dates (as defined in subparagraph (b)(i) of this Section 3).

(b) (i) Dividends on shares of the Preferred Stock, at the Applicable Rate per annum, shall accrue from the Date of Original Issue (as defined in Section 8) and shall be payable, with respect to each Tranche, on the respective Dividend Payment Dates specified in Schedule A attached to this Certificate and thereafter, with respect to all of the shares of the Preferred Stock, on February 27, 1990, and each succeeding seventh Tuesday thereafter, except that (X) (1) if such Tuesday is not a Business Day (as defined in Section 8), then on the first Business Day after such Tuesday that is immediately followed by a Business Day and is preceded by a Business Day that is the preceding Friday or a day after such Friday, or (2) if such Tuesday is a Business Day but the Wednesday following such Tuesday is not a Business Day, then (I) on the preceding Monday if such Monday and the preceding Friday are Business Days or (II) otherwise on the first Business Day after such Tuesday that is immediately followed by a Business Day and preceded by a Business Day that is such Friday or a day after such Friday, or (3) if such Tuesday and the Wednesday following such Tuesday are both Business Days but both the preceding Friday and Monday are not Business Days, then on the first Business Day after such Tuesday that is immediately followed by a Business Day and is preceded by a Business Day that is such Tuesday or a day after such Tuesday, or (Y) if such Tuesday is not a Business Day or both the Friday and Monday preceding such Tuesday are not Business Days then on the first Business Day after such Tuesday that is preceded by a Business Day that is the preceding Friday or a day after such Friday; provided, however, that the Board of Directors of the Corporation, in the event of a change in law lengthening the minimum holding period (currently found in Section 246(c) of the Code (as defined in Section 8)) required for taxpayers to be entitled to the dividends received deduction on preferred stock held by non-affiliated corporations (currently found in Section 243(a) of the Code), shall adjust the period of time between Dividend Payment Dates (as defined in this subparagraph (b)(i)) so as, subject to clauses (X) and (Y), to adjust uniformly the number of days (such number of days without giving effect to such clauses (X) and (Y) being hereinafter referred to as "Dividend

Period Days") in Dividend Periods (as defined in subparagraph (c)(i) of this Section 3) commencing after the date of such change in law to equal or exceed the then current minimum holding period; provided that the number of Dividend Period Days shall not exceed by more than nine days the length of such then current minimum holding period and shall be evenly divisible by seven, and the maximum number of Dividend Period Days in no event shall exceed 98 days (each date of payment of dividends being herein referred to as a "Dividend Payment Date").

(ii) Each dividend shall be paid to the Holders as their names appear on the stock books of the Corporation on the Business Day next preceding the Dividend Payment Date thereof, and shall be payable to such Holders by wire transfer (pursuant to instructions notified by such Holders to the Corporation at least two Business Days prior to such Dividend Payment Date) of immediately available federal funds on such Dividend Payment Date. Dividends in arrears for any past Dividend Period may be declared and paid at any time, without reference to any regular Dividend Payment Date, to the Holders as their names appear on the stock books of the Corporation on such date, not exceeding 15 days preceding the payment date thereof, as may be fixed by the Board of Directors of the Corporation.

(c) (i) The dividend rate on shares of the Preferred Stock during the period from and after the Date of Original Issue to and including the first Dividend Payment Date (with respect to each Tranche) and for each subsequent dividend period, which subsequent dividend periods shall commence on the day that is the last day of the preceding dividend period and shall end on and include the next succeeding Dividend Payment Date (with respect to the respective Tranches, if applicable) (the initial dividend period and each subsequent dividend period being hereinafter referred to as a "Dividend Period"), shall be equal to the sum of (A) the Variable Dividend Rate (as defined in Section 8) in effect on the Date of Original Issue, for purposes of determining the dividend rate for the initial Dividend Period with respect to each Tranche, or, for purposes of determining the dividend rate for each subsequent Dividend Period (with respect to each Tranche, if applicable), except as otherwise provided in Section 5, the Variable Dividend Rate in effect on the Reset Date immediately preceding the first day of such Dividend Period plus (B) for purposes of determining the dividend rate for each of the first four Dividend Periods (with respect to each Tranche) after the Date of Original Issue only, the Fixed Dividend Rate (as defined in Section 8) for such Dividend Period (the rate per annum at which dividends are payable on shares of the Preferred Stock for any Dividend Period being herein referred to as the "Applicable Rate").

(ii) The amount of dividends per share payable on shares of the Preferred Stock for any Dividend Period shall be

computed by multiplying the Applicable Rate for such Dividend Period by a fraction the numerator of which shall be the number of days in such Dividend Period (calculated by counting the first day thereof but excluding the last day thereof) and the denominator of which shall be 360 and applying the rate obtained against \$100,000.

(d) (i) Except as hereinafter provided, no dividends shall be declared or paid or set apart for payment on the preferred stock of any series ranking, as to dividends, junior to the Preferred Stock for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on shares of the Preferred Stock and any other series of preferred stock ranking on a parity as to dividends with the Preferred Stock for all Dividend Periods terminating on or prior to the date of payment of such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of the Preferred Stock and any other series of preferred stock ranking on a parity as to dividends with the Preferred Stock, all dividends declared upon shares of the Preferred Stock and any other series of preferred stock ranking on a parity as to dividends with the Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on the Preferred Stock and such other series of preferred stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of the Preferred Stock and such other series of preferred stock bear to each other. Except as provided in the last sentence of paragraph (a) of Section 4 and in the last sentence of paragraph (a) of Section 6, Holders shall not be entitled to any dividend, whether payable in cash, property or stock, in excess of full cumulative dividends, as herein provided, on the Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Preferred Stock which may be in arrears.

(ii) So long as any shares of the Preferred Stock are outstanding, no dividend (other than dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, Common Stock of the Corporation or any other stock ranking junior to the Preferred Stock as to dividends and upon liquidation, dissolution or winding up and other than as provided in subparagraph (d)(1) of this Section 3) shall be declared or paid or set aside for payment or other distribution declared or made upon the Common Stock of the Corporation or upon any other stock of the Corporation ranking junior to or on a parity with the Preferred Stock as to dividends or upon liquidation, dissolution or winding up, nor shall any such junior or parity stock be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such

stock) by the Corporation (except by conversion into or exchange for stock of the Corporation ranking junior to the Preferred Stock as to dividends and upon liquidation, dissolution or winding up), unless, in each case, the full cumulative dividends on all outstanding shares of the Preferred Stock shall have been paid for all past Dividend Periods.

(iii) Any dividend payment made on shares of the Preferred Stock shall first be credited against the earliest accrued but unpaid dividend due with respect to shares of the Preferred Stock.

4. Optional Redemption.

(a) The shares of the Preferred Stock may be redeemed, at the option of the Corporation, as a whole or from time to time in part, out of funds legally available therefor, on any Dividend Payment Date at a redemption price of \$100,000 per share plus, in each case, an amount equal to accrued and unpaid dividends thereon (whether or not earned or declared) to the date of redemption. If fewer than all of the outstanding shares of the Preferred Stock are to be redeemed pursuant to this paragraph (a), then (i) if the Preferred Stock shall on the date of redemption be divided into separate Tranches, the shares to be redeemed shall be all of the shares constituting either Tranche A or Tranche B, and (ii) if the Preferred Stock shall on the date of redemption not be divided into separate Tranches, the shares to be redeemed shall be redeemed pro rata from the Holders in proportion to the number of such shares held by such Holders (with adjustments to avoid redemption of fractional shares). If the Corporation elects to redeem any shares of the Preferred Stock on a redemption date which occurs prior to the fourth Dividend Payment Date with respect to either Tranche of the Preferred Stock, the Corporation shall pay to the Holder(s) of such shares on the redemption date, in addition to accrued and unpaid dividends thereon, a redemption dividend equal in amount to the dividends which would have accrued at the Fixed Dividend Rate and been payable (if declared) with respect to such shares on any subsequent Dividend Payment Date or Dates if such shares had remained outstanding on (but not beyond) such fourth Dividend Payment Date, discounted to present value as of such redemption date from such subsequent Dividend Payment Date(s) (calculated on the basis of a discount rate of 8.5% per annum).

(b) If the Corporation shall redeem shares of the Preferred Stock pursuant to paragraph (a) of this Section 4, notice of such redemption shall be mailed by first class mail, postage prepaid, to each Holder of the shares to be redeemed, at such Holder's address as the same appears on the stock books of the Corporation. Such notice shall be so mailed not less than 30 nor more than 45 days prior to the date fixed for redemption, which shall be a Dividend Payment Date with respect to the shares

being redeemed. Each such notice shall state: (i) the redemption date, (ii) the number of shares of the Preferred Stock to be redeemed, (iii) the redemption price, including, if applicable, any redemption dividend determined pursuant to the last sentence of paragraph (a) of this Section 4, (iv) the place or places where certificates for such shares of the Preferred Stock are to be surrendered for payment of the redemption price and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date. If fewer than all shares held by any Holder are to be redeemed, the notice mailed to such Holder shall also specify the number of shares to be redeemed from such Holder.

(c) Notwithstanding the foregoing provisions of paragraph (a) of this Section 4, if any dividends on shares of the Preferred Stock are in arrears, no shares of the Preferred Stock shall be redeemed unless all outstanding shares of the Preferred Stock are simultaneously redeemed, and the Corporation shall not purchase or otherwise acquire any shares of the Preferred Stock; provided, however, that the foregoing shall not prevent the purchase or acquisition of shares of the Preferred Stock pursuant to a purchase or exchange offer made on the same terms to all Holders.

(d) If notice of redemption has been given under paragraph (b) of this Section 4, from and after the redemption date for the shares of the Preferred Stock called for redemption (unless default shall be made by the Corporation in providing money for the payment of the redemption price of the shares so called for redemption) dividends on the shares of the Preferred Stock so called for redemption shall cease to accrue and said shares shall no longer be deemed to be outstanding, and all rights of the Holders thereof as stockholders of the Corporation (except the right to receive the redemption price) shall cease. Upon surrender in accordance with said notice of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), the redemption price set forth above shall be paid by the Corporation to the Holders of the shares of the Preferred Stock subject to redemption by wire transfer (pursuant to instructions notified by such Holders to the Corporation at least two Business Days prior to the date of payment) of immediately available federal funds. In case fewer than all of the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the Holder thereof.

5. Designated Events.

(a) For purposes of this Section 5 only, the following definitions shall apply:

(i) "Acquiring Person" means any Person who, alone or with any Affiliate or Associate, is or becomes the beneficial owner, directly or indirectly, of shares of stock of the Corporation entitling the holder or holders thereof to exercise more than 20% of the total voting power of all classes of stock of the Corporation entitled to vote in elections of directors.

(ii) "Affiliate" of a Person means any other Person controlling, controlled by or under common control with such Person, either solely with respect to the purchase or other acquisition of Common Shares or otherwise.

(iii) A Person shall be deemed an "Associate" of, or "associated" with, any other Person, if such Person is (1) an officer, employee or partner of such other Person or a beneficial owner of 10% or more of any class of equity securities of such other Person, (2) a trust or other estate in which such other Person has a substantial beneficial interest or as to which such other Person serves as trustee or in a similar fiduciary capacity, or (3) a relative or spouse of such other Person, or a relative of such spouse, who has the same home as such other Person.

(iv) "Beneficial ownership" shall be determined in accordance with Rule 13d-3 (or any successor rule) of the Securities and Exchange Commission under the Securities Exchange Act of 1934; provided, however, that any employee benefit plan of the Corporation or a trustee or other Person holding Common Shares for or pursuant to the terms of any such plan shall not be deemed to have beneficial ownership of such Common Shares so long as each participant in such plan has the right to direct the trustee or other Person (i) to vote Common Shares held by such plan for his or her benefit and (ii) to tender such Common Shares in the event of a tender offer for Common Shares.

(v) "Common Shares" means the shares of Common Stock, \$1.00 par value per share, of the Corporation.

(vi) "Continuing Director" means any member of the Board of Directors of the Corporation who is not affiliated or associated with an Acquiring Person and who was a member of such Board of Directors immediately prior to the time that any Acquiring Person became an Acquiring Person, and any other member of such Board of Directors who is not affiliated or associated with an Acquiring Person and who was recommended or elected to succeed a Continuing Director by a majority of

Continuing Directors who are then members of the Board of Directors.

(vii) "Designated Event" means any one or more of the following, which occurs subsequent to the Date of Original Issue:

(A) (1) The Corporation shall consolidate with or merge into any other corporation or convey, transfer or lease all or substantially all of its assets to any Person, or (2) any Person shall consolidate with or merge into the Corporation pursuant to a transaction in which the Common Shares then outstanding are reclassified, changed or exchanged; or

(B) any Person shall purchase or otherwise acquire directly or indirectly the beneficial ownership of Common Shares and immediately after such purchase or acquisition such Person and its Affiliates shall directly or indirectly beneficially own in the aggregate 50% or more of the Common Shares then outstanding; or

(C) the Corporation shall effect a reclassification or exchange of the Common Shares.

Notwithstanding the foregoing, a Designated Event shall not be deemed to have occurred if (i) the event which would otherwise have been a Designated Event shall have been approved, for the purposes of this Certificate of Designation, by a majority of the Continuing Directors and (ii) the Corporation shall have been advised by the Rating Agencies that the occurrence of such event will not cause a Downgrading (as defined below) to occur.

(viii) If the rating of the Securities by both Rating Agencies on the date 60 days prior to the occurrence of a Designated Event (a "Base Date") is equal to or higher than B Plus (as defined below), then a "Downgrading" means that the rating of the Securities by either Rating Agency on the date of such Designated Event (or, if the rating on such date does not reflect the effect of such Designated Event, then on the earliest date on which the rating shall reflect the effect of such Designated Event) (as applicable, the Designated Event Date") is equal to or lower than B Minus (as defined below); if the rating of the Securities by either Rating Agency on a Base Date is lower than B Plus, then a "Downgrading" means that the rating of the Securities by either Rating Agency on the Designated Event Date has decreased from the rating by

such Rating Agency on the Base Date. In determining whether the rating of the Securities has decreased, a decrease of a gradation (+ and - for S&P and 1, 2 and 3 for Moody's) shall be taken into account. "B Plus" means, with respect to ratings by S&P, a rating of BBB and, with respect to ratings by Moody's, a rating of Baa2. "B Minus" means, with respect to ratings by S&P, a rating of BBB- and, with respect to ratings by Moody's, a rating of Baa3.

(ix) "Moody's" means Moody's Investors Service, Inc., a Delaware corporation, and its successors.

(x) "Person" means an individual, partnership, corporation, unincorporated organization, trust or joint venture, or a government or agency or political subdivision thereof and shall also include a group within the meaning of Section 13(d)(3) (or any successor provision) of the Securities Exchange Act of 1934.

(xi) "Rating Agency" means either S&P or Moody's, and "Rating Agencies" means both of them.

(xii) "Securities" means the Corporation's 9.38% Sinking Fund Debentures Due May 1, 2016, or, if such Debentures shall no longer be outstanding, any other publicly distributed long-term indebtedness of the Corporation.

(b) If a Designated Event shall occur, then the Applicable Rate for each Dividend Period commencing on or after the occurrence of such Designated Event shall be equal to the greater of (i) the Applicable Rate that would otherwise apply in accordance with the terms of this Certificate other than this Section 5 and (ii) the sum of (A) the rate obtained by multiplying the "AA" Composite Commercial Paper Rate on the Reset Date immediately preceding the first day of such Dividend Period by 1.75 plus (B) if otherwise applicable with respect to such Dividend Period, the Fixed Dividend Rate for such Dividend Period.

6. Liquidation Rights.

(a) Upon the dissolution, liquidation or winding up of the Corporation, the Holders shall be entitled to receive and to be paid out of the assets of the Corporation available for distribution to its stockholders, before any payment or distribution shall be made on the Common Stock of the Corporation or on any other class or series of stock ranking junior to the Preferred Stock upon dissolution, liquidation or winding up, the amount of \$100,000 per share, plus a sum equal to all dividends

(whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution. If such dissolution, liquidation or winding up of the Corporation occurs prior to the fourth Dividend Payment Date with respect to either Tranche of the Preferred Stock, the Corporation shall pay to the Holder(s) on the date of final distribution, in addition to accrued and unpaid dividends on the Preferred Stock, a liquidation dividend equal in amount to the dividends which would have accrued at the Fixed Dividend Rate and been payable (if declared) with respect to the Preferred Stock on any subsequent Dividend Payment Date or Dates if the Preferred Stock had remained outstanding on (but not beyond) such fourth Dividend Payment Date, discounted to present value as of such redemption date from such subsequent Dividend Payment Date(s) (calculated on the basis of a discount rate of 8.5% per annum).

(b) After the payment to the Holders of the full preferential amounts provided for in this Section 6, the Holders as such shall have no right or claim to any of the remaining assets of the Corporation.

(c) In the event the assets of the Corporation available for distribution to the Holders upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which the Holders are entitled pursuant to paragraph (a) of this Section 6, no such distribution shall be made on account of any shares of any other class or series of preferred stock ranking on a parity with the shares of the Preferred Stock upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares of the Preferred Stock, ratably, in proportion to the full distributable amounts for which Holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up.

(d) Subject to the rights of the Holders of shares of any series or class or classes of stock ranking on a parity with the shares of the Preferred Stock upon liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the Holders as provided in this Section 6, but not prior thereto, any other series or class or classes of stock ranking junior to the shares of the Preferred Stock upon liquidation, dissolution or winding up shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the Holders shall not be entitled to share therein.

7. Ranking. With regard to rights to receive dividends, mandatory redemption payments and distributions upon liquidation, dissolution or winding up of the Corporation, the

Preferred Stock shall rank, unless otherwise consented to in accordance with paragraph (b) of Section 2, prior to any and all other equity securities of the Corporation, including all classes of Common Stock of the Corporation.

8. Definitions. As used in this Certificate, the following terms shall have the following meanings (with terms defined in the singular having comparable meanings when used in the plural and vice versa), unless the context otherwise requires:

"'AA' Composite Commercial Paper Rate," on any date, shall mean (i) the interest equivalent of the 60-day rate on commercial paper placed on behalf of issuers whose corporate bonds are rated "AA" by S&P, or the equivalent of such rating by S&P or another rating agency, as made available on a discount basis or otherwise by the Federal Reserve Bank of New York for the immediately preceding Business Day prior to such date; or (ii) in the event that the Federal Reserve Bank of New York does not make available such a rate, then the arithmetic average of the interest equivalent of the 60-day rate on commercial paper placed on behalf of such issuers, as quoted on a discount basis or otherwise by the Commercial Paper Dealers to SPC for the close of business of the immediately preceding Business Day prior to such date. If any Commercial Paper Dealer does not quote a rate required to determine the "AA" Composite Commercial Paper Rate, the "AA" Composite Commercial Paper Rate shall be determined on the basis of the quotation or quotations furnished by the remaining Commercial Paper Dealer or Commercial Paper Dealers and any Substitute Commercial Paper Dealer or Substitute Commercial Paper Dealers selected by the Corporation to provide such rate or rates not being supplied by any Commercial Paper Dealer or Commercial Paper Dealers, as the case may be, or, if the Corporation does not select any such Substitute Commercial Paper Dealer or Substitute Commercial Paper Dealers, by the remaining Commercial Paper Dealer or Commercial Paper Dealers. For purposes of this definition, the "interest equivalent" of a rate stated on a discount basis (a "discount rate") for commercial paper of a given days' maturity shall be equal to the quotient (rounded upwards to the next higher one-thousandth (.001) of 1%) of (A) the discount rate divided by (B) the difference between (x) 1.00 and (y) a fraction the numerator of which shall be the product of the discount rate times the number of days in which such commercial paper matures and the denominator of which shall be 360.

"'AA' Rate Multiple" shall mean the number, not less than 0.75 and not more than 1.00, as shall be approved for the Preferred Stock by resolutions duly adopted by the Board of Directors of the Corporation and reasonably determined by the Board of Directors of the Corporation, for purposes of calculating the Variable Dividend Rate from and after an SPC

Disposition Date, to cause the Preferred Stock as of such SPC Disposition Date to have a fair market value of \$100,000 per share plus accrued and unpaid dividends, if any.

"Alternate A Rate" shall mean, on the Date of Original Issue and on each of the first seven Reset Dates with respect to Tranche A specified in Schedule A, the average (rounded to the nearest whole multiple of 0.01% or, if there is no nearest whole multiple of 0.01%, to the next higher such multiple) of the respective dividend rates established on such date by auction procedure with respect to (i) Ryder System, Inc.'s Dutch Auction Rate Transferable Securities™ Preferred Stock, Series A, and (ii) Norwest Corporation's Dutch Auction Rate Transferable Securities™ Preferred Stock.

"Alternate B Rate" shall mean, on each of the first seven Reset Dates with respect to Tranche B specified in Schedule A, the average (rounded to the nearest whole multiple of 0.01% or, if there is no nearest whole multiple of 0.01%, to the next higher such multiple) of the respective dividend rates established on such date by auction procedure with respect to (i) Marine Midland Banks, Inc.'s Money Market Cumulative Preferred™ Stock, Series A, and (ii) Ryder System, Inc.'s Dutch Auction Rate Transferable Securities™ Preferred Stock, Series B.

"Alternate C Rate" shall mean, on the eighth Reset Date with respect to both Tranches specified in Schedule A and on each Reset Date thereafter, the average (rounded to the nearest whole multiple of 0.01% or, if there is no nearest whole multiple of 0.01%, to the next higher such multiple) of the respective dividend rates established on such date by auction procedure with respect to (i) American Express Company's Money Market Preferred™ Stock, Series A, and (ii) Republic New York Corp.'s Dutch Auction Rate Transferable Securities™ Preferred Stock, Series A.

"Applicable Rate" shall have the meaning specified in subparagraph (c)(i) of Section 3.

"Board of Directors of the Corporation" shall mean the Board of Directors of the Corporation or any duly authorized committee thereof.

"Business Day" shall mean a day on which the New York Stock Exchange is open for trading and which is neither a Saturday, Sunday nor any other day on which banks in The City of New York, New York, are authorized by law to close.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Commercial Paper Dealers" shall mean Goldman, Sachs & Co., Shearson Lehman Commercial Paper Incorporated, Merrill Lynch,

Pierce, Fenner & Smith Incorporated and The First Boston Corporation or, in lieu of any thereof, their respective affiliates or successors, provided that any such entity is a commercial paper dealer.

"Date of Original Issue" shall mean December 23, 1988, the date on which the Corporation shall initially issue shares of the Preferred Stock.

"Dividend Payment Date" shall mean, with respect to each Tranche of the Preferred Stock, each of the respective Dividend Payment Dates specified in Schedule A and, thereafter, each of the subsequent Dividend Payment Dates determined in accordance with subparagraph (b)(i) of Section 3.

"Dividend Period" shall have the meaning specified in subparagraph (c)(i) of Section 3.

"Fixed Dividend Rate" shall mean, with respect to each of the first four Dividend Periods (with respect to each Tranche) after the Date of Original Issue only, the rate per annum which, when multiplied by a fraction the numerator of which shall be the number of days in such Dividend Period (calculated by counting the first day thereof but excluding the last day thereof) and the denominator of which shall be 360, equals 0.33925%.

"Holder" shall mean the holder of shares of the Preferred Stock as the same appears on the stock books of the Corporation.

"Reset Date" shall mean, with respect to each Tranche of the Preferred Stock, each of the respective Reset Dates specified in Schedule A and thereafter, with respect to all of the Preferred Stock, the Business Day immediately preceding the first day of each Dividend Period.

"S&P" shall mean Standard & Poor's Corporation, a New York corporation, and its successors.

"SPC" shall mean Security Pacific Corporation, a Delaware corporation, and its successors.

"SPC Auction Rate" shall mean:

(1) on the Date of Original Issue and on each of the first seven Reset Dates with respect to Tranche A specified in Schedule A, the dividend rate established on such date by auction procedure with respect to SPC's Money Market Cumulative Preferred™ Stock, Series A; provided that if, on any such date, such dividend rate is more than 0.25% per annum higher than the Alternate A Rate on such date, then the SPC Auction Rate on such date shall be such Alternate A Rate;

(2) on each of the first seven Reset Dates with respect to Tranche B specified in Schedule A, the dividend rate established on such date by auction procedure with respect to SPC's Money Market Cumulative Preferred™ Stock, Series B; provided that if, on any such date, such dividend rate is more than 0.25% per annum higher than the Alternate B Rate on such date, then the SPC Auction Rate on such date shall be such Alternate B Rate; and

(3) on the eighth Reset Date with respect to both Tranches specified in Schedule A and on each Reset Date thereafter, the dividend rate established on such date by auction procedure with respect to SPC's Money Market Cumulative Preferred™ Stock, Series C; provided that if, on any such date, such dividend rate is more than 0.25% per annum higher than the Alternate C Rate on such date, then the SPC Auction Rate on such date shall be such Alternate C Rate.

"SPC Disposition" shall mean a transfer by SPC of all of the shares of the Preferred Stock held by SPC to a subsequent holder (other than a nominee or corporate affiliate of SPC), provided that, immediately prior to such transfer, SPC held all of the shares of the Preferred Stock then outstanding.

"SPC Disposition Date" shall mean the first date on which an SPC Disposition occurs.

"Substitute Commercial Paper Dealer" shall mean Morgan Stanley & Co. Incorporated, or its affiliates or successors, if such dealer or its affiliate or successor is a commercial paper dealer; provided that neither such dealer nor any of its affiliates or successors shall be a Commercial Paper Dealer.

"Suspension" shall mean the suspension imposed by the Defense Logistics Agency of the Department of Defense on October 19, 1988, with respect to the Corporation's and certain of its subsidiaries' government contracting and government-approved subcontracting.

"Tranche" shall have the meaning specified in subparagraph (a)(ii) of Section 3.

"Variable Dividend Rate" shall mean:

(1) on each of the following dates:

(i) the Date of Original Issue and each Reset Date occurring less than 196 days after the Date of Original Issue, regardless of whether the Suspension shall then be in effect, and

(ii) each Reset Date occurring 196 days or more after the Date of Original Issue and on which the Suspension shall not then be in effect,

a rate per annum equal to the greater of:

(x) the rate obtained by multiplying the "AA" Composite Commercial Paper Rate on such date by the "Commercial Paper Rate Adjustment" set forth in Schedule B with respect to such date, and

(y) the SPC Auction Rate on such date plus the "SPC Auction Rate Adjustment" set forth in Schedule B with respect to such date; and

(2) on each Reset Date occurring 196 days or more after the Date of Original Issue and on which the Suspension shall then be in effect, a rate per annum equal to the greater of:

(x) the rate obtained by multiplying the "AA" Composite Commercial Paper Rate on such date by the "Commercial Paper Rate Adjustment" set forth in Schedule C attached to this Certificate in effect during the Dividend Period beginning on the Business Day immediately succeeding such Reset Date, provided that if the "Commercial Paper Rate Adjustment" changes during such Dividend Period, the "Commercial Paper Rate Adjustment" for purposes of the foregoing calculation shall be the weighted average of the "Commercial Paper Rate Adjustments" in effect during such Dividend Period, based on the number of days each such "Commercial Paper Rate Adjustment" shall be in effect, and

(y) the SPC Auction Rate on such date plus the "SPC Auction Rate Adjustment" set forth in Schedule C in effect during the Dividend Period beginning on the Business Day immediately succeeding such Reset Date, provided that if the "SPC Auction Rate Adjustment" changes during such Dividend Period, the "SPC Auction Rate Adjustment" for purposes of the foregoing calculation shall be the weighted average of the "SPC Auction Rate Adjustments" in effect during such Dividend Period, based on the number of days each such "SPC Auction Rate Adjustment" shall be in effect;

provided that, notwithstanding the foregoing, on the first Reset Date preceding the first Dividend Payment Date which occurs on or after an SPC Disposition Date and on each Reset Date thereafter, the "Variable Dividend Rate" shall mean a rate per annum equal to the rate obtained by multiplying the "AA" Composite Commercial Paper Rate on such date by the "AA" Rate Multiple.

IN WITNESS WHEREOF, the Corporation has caused its corporate seal to be hereunto affixed and this Certificate to be signed by Don R. O'Hare, its Vice Chairman of the Board, and Harry C. Stonecipher, its President and Chief Operating Officer, and attested by William R. Coole, its Assistant Secretary, this 23rd day of December, 1988.

SUNDSTRAND CORPORATION

By: Don R. O'Hare
Vice Chairman of the Board

By: Harry C. Stonecipher
President and Chief
Operating Officer


[Corporate Seal]

ATTEST:

William R. Coole
Assistant Secretary

SCHEDULE A

	<u>Tranche A</u>	<u>Tranche B</u>
Date of Original Issue	December 23, 1988	December 23, 1988
1st Reset Date	February 13, 1989	February 17, 1989
1st Dividend Payment Date	February 14, 1989	February 21, 1989
2nd Reset Date	April 3, 1989	April 10, 1989
2nd Dividend Payment Date	April 4, 1989	April 11, 1989
3rd Reset Date	May 22, 1989	May 26, 1989
3rd Dividend Payment Date	May 23, 1989	May 30, 1989
4th Reset Date	July 10, 1989	July 17, 1989
4th Dividend Payment Date	July 11, 1989	July 18, 1989
5th Reset Date	August 28, 1989	September 1, 1989
5th Dividend Payment Date	August 29, 1989	September 5, 1989
6th Reset Date	October 16, 1989	October 23, 1989
6th Dividend Payment Date	October 17, 1989	October 24, 1989
7th Reset Date	December 4, 1989	December 11, 1989
7th Dividend Payment Date	December 5, 1989	December 12, 1989
8th Reset Date	January 8, 1990	January 8, 1990
8th Dividend Payment Date	January 9, 1990	January 9, 1990

SCHEDULE B

<u>Date of Original Issue and Consecutive Reset Dates (Per Tranche)</u>	<u>Commercial Paper Rate Adjustment</u>	<u>SPC Auction Rate Adjustment (per annum)</u>
Date of Original Issue	0.85	.75%
1	1.00	2.00%
2	1.00	2.00%
3	1.00	2.00%
4	1.15	3.40%
5	1.15	3.40%
6	1.15	3.40%
7	1.15	3.40%
January 8, 1990 and thereafter	2.50	10.00%

SCHEDULE C

<u>Days After Date of Original Issue</u>	<u>Commercial Paper Rate Adjustment</u>	<u>SPC Auction Rate Adjustment (per annum)</u>
196 - 269	1.25	4.15%
270 - January 7, 1990	1.50	6.25%
After January 7, 1990	2.50	10.00%

OK

Attachment 6

By-Laws of Sundstrand Corporation
Effective February 16, 1989



BY-LAWS
OF
SUNDSTRAND CORPORATION
(A Delaware Corporation)
Effective February 16, 1989

ARTICLE I
OFFICES

Section 1.1. **Principal Office.** The principal office of the Corporation in the State of Delaware shall be in the City of Wilmington, County of New Castle.

Section 1.2. **Other Offices.** The Corporation may also have offices at such other places, either within or without the State of Delaware, as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II
STOCKHOLDERS' MEETINGS

Section 2.1. **Place of Meetings.** All annual and special meetings of the stockholders shall be held at such place, either within or without the State of Delaware, as may be fixed by the Board and specified in the notice of the meeting.

Section 2.2. **Annual Meetings.** An annual meeting of stockholders shall be held on such date and at such hour as may be fixed by the Board and specified in the notice of the meeting, when they shall elect by a plurality vote a Board of Directors and transact such other business as may properly be brought before the meeting.

Section 2.3. **List of Stockholders.** The Secretary shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. The original or duplicate stock ledger shall be the only evidence as to who are the stockholders entitled to examine such list or stock ledger or transfer book or to vote in person or by proxy at any meeting of stockholders.

Section 2.4. **Special Meetings of Stockholders.** Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Chairman of the Board and shall be called by the Chairman of the Board or Secretary at the request in writing of a majority of the Board of Directors, or at the request in writing of stockholders owning eighty percent or more in amount of the entire capital stock of the Corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

Section 2.5. **Notice of Meetings.** Except as otherwise expressly provided by law or by the Certificate of Incorporation or these By-Laws, written or printed notice of each annual or special meeting of stockholders shall be given by mail at least ten but not more than sixty days before the meeting to the stockholders of record entitled to vote thereat. Every such notice shall be directed to a stockholder at his address as it shall appear on the transfer books of the Corporation; shall state the date, time and place of the meeting; and, in the case of a special meeting, shall state briefly the purposes thereof. Business transacted at all special meetings shall be confined to the purposes stated in the notice thereof.

Section 2.6. **Quorum and Adjournments.** The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall be necessary and sufficient to constitute a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provided by statute, by the Certificate of Incorporation, or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting, at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The absence from any meeting of the number required by law or by the Certificate of Incorporation or these By-Laws for action upon any given matter shall not prevent action at such meeting upon any other matter or matters which may properly come before the meeting if the number required in respect of such other matter or matters shall be present. Once a quorum is present at a meeting, it shall be deemed to be acting thereafter throughout the meeting, irrespective of any withdrawals. Nothing in these By-Laws shall affect the right to adjourn where a quorum is present.

Section 2.7. **Voting by Stockholders.** When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Certificate of Incorporation or of these By-Laws a different vote is required, in which case such express provision shall govern and control the decision of such question.

At any meeting of the stockholders every stockholder having the right to vote shall be entitled to vote in person, or by proxy appointed by an instrument in writing, subscribed by such stockholder or by his attorney or agent thereunto authorized in writing, and bearing a date not more than three years prior to said meeting, unless said instrument provides for a longer period. Except as otherwise provided by the Certificate of Incorporation, each stockholder present in person or by proxy at any meeting shall have, on each matter on which stockholders are entitled to vote, one vote for each share of stock having voting power, registered in his name on the books of the Corporation.

Section 2.8. **New Business Proposals at Annual Meetings.** Only such new business shall be conducted, and only such proposals shall be acted upon at an annual meeting of stockholders, as shall have been properly brought before such annual meeting (a) by, or at the direction of, the Board of Directors, or (b) by any stockholder of the Corporation who complies with the notice procedures set forth in this Section 2.8. A stockholder who wishes to bring a proposal before an annual meeting shall give timely notice thereof in writing to the Secretary of the Corporation. Such notice, to be timely, shall be delivered to, or mailed and received by the Secretary at the principal executive offices of the Corporation at least sixty days but not more than ninety days prior to the scheduled annual meeting, regardless of any postponements, deferrals or adjournments of that meeting to a later date; provided, however, that if less than seventy days' notice or prior public disclosure of the date of the scheduled annual meeting is given or made, such notice by a stockholder to be timely shall be so delivered or received not later than the close of business on the tenth day following the earlier of the day on which notice of the scheduled annual meeting was mailed or the day on which public disclosure thereof was made.

Each such stockholder notice shall set forth as to each proposal to be brought before the annual meeting (a) a brief description of the proposal and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the transfer books of the Corporation, of the stockholder proposing such business and any other stockholders known by such stockholder to be supporting the proposal, (c) the class and number of shares of the Corporation's stock which are beneficially owned by the stockholder on the date of such stockholder notice and by any other stockholders known by such stockholder to be supporting such proposal, and (d) any financial interest of the stockholder in such proposal.

The Board of Directors may reject any stockholder proposal not timely made in accordance with the terms of this Section 2.8. If the Board of Directors, or a designated committee thereof, determines that the information provided in a stockholder's notice does not satisfy the informational requirements of this Section 2.8 in any material respect, the Secretary shall promptly notify such stockholder of the deficiency in the notice. The stockholder shall have an opportunity to cure the deficiency by providing additional information to the Secretary within five days from the date such notice of deficiency is given to the stockholder, as the Board of Directors or such committee shall reasonably determine. If the deficiency is not cured within such period, or if the Board of Directors or such committee determines that the additional information provided by the stockholder, together with the information previously provided, does not satisfy the requirements of this Section 2.8 in any material respect, then the Board of Directors may reject such proposal. The Secretary shall notify the stockholder in writing whether his proposal has been made in accordance with the time and informational requirements of this Section 2.8. Notwithstanding the procedure set forth in this Section 2.8, if neither the Board of Directors nor such committee makes a determination as to the validity of any stockholder proposal, the presiding officer of the annual meeting shall determine and declare at the annual meeting whether the stockholder proposal was made in accordance with the terms of this Section 2.8. If the presiding officer determines that the stockholder's proposal was not made in accordance with the terms of this Section 2.8, he shall so declare at the annual meeting and any such proposal shall not be acted upon at the annual meeting.

This Section 2.8 shall not prevent the consideration and approval or disapproval at an annual meeting of reports of officers, directors and committees of the Board of Directors, but, in connection with such reports, no new business shall be acted upon at such annual meeting unless stated, filed and received as herein provided.

ARTICLE III DIRECTORS

Section 3.1. **Number, Election and Terms of Office of Directors.** The number of directors which shall constitute the whole Board shall be nine in number. Directors need not be stockholders in the Corporation. Except as provided in Section 3.3, the directors shall be elected at the annual meeting of the stockholders, and each director elected shall hold office until his successor is elected and qualified or until his earlier resignation. The directors shall be divided into three classes: Class I, Class II and Class III. Such classes shall be as nearly equal in number as possible. The term of office of the initial Class I directors shall expire at the annual meeting of stockholders in 1971, the term of office of the initial Class II directors shall expire at the annual meeting of stockholders in 1972, and the term of office of the initial Class III directors shall expire at the annual meeting of stockholders in 1973, or thereafter in each case when their respective successors are elected and qualified. At each annual election held after classification and the initial election of directors according to classes, the directors chosen to succeed those whose terms then expire shall be identified as being of the same class as the directors they succeed and shall

be elected for a term expiring at the third succeeding annual meeting or thereafter when their respective successors in each case are elected and qualified.

Section 3.2. **Corporate Records.** The directors may keep the books of the Corporation, except such as are required by law to be kept within the State of Delaware, outside of Delaware at such place or places as they may from time to time determine.

Section 3.3. **Vacancies.** Vacancies occurring in the Board of Directors and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, and any director so chosen shall hold office until his successor is elected and qualified. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office. A director elected to fill a newly created directorship shall serve for the term provided herein for the class of directors for which such director was elected.

Section 3.4. **General Powers.** The business and affairs of the Corporation shall be managed by its Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

Section 3.5. **Place of Meetings.** The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 3.6. **Annual Meetings.** The first meeting of each newly elected Board shall constitute the annual meeting of said Board and shall be convened as soon as is conveniently possible but in no event more than two weeks after the date of the annual meeting of stockholders in each year at such time and place as shall be fixed by the Chairman of the Board.

Section 3.7. **Regular Meetings.** Regular meetings of the Board shall be held upon notice, or without notice, at least quarterly, at such time and place as shall from time to time be determined by the Board.

Section 3.8. **Special Meetings.** Special meetings of the Board may be called by the Chairman of the Board, President or any four directors. Notice of each special meeting of the Board may be given by mail, telegraph or cable, personal delivery or telephone. Notice by mail shall be given at least three days before the meeting; notice by any other means shall be given a reasonable period of time before the time of such meeting but in no event shall such notice be given less than one hour before such meeting. If notice is by telephone, such notice shall be promptly confirmed by telegraph or cable to each director.

Section 3.9. **Quorum.** At all meetings of the Board, the presence of a majority of the full number of directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Certificate of Incorporation or by these By-Laws. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 3.10. **Action by Board Without Meeting.** Notwithstanding anything contained in these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any Committee thereof may be taken without a meeting, if a written consent thereto is signed by all members of the Board or of such Committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or the Committee.

Section 3.11. **Compensation of Directors.** The Board of Directors, by resolution adopted by a majority of the whole Board, may establish reasonable compensation of all directors for services to the Corporation as directors, officers or otherwise. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of any Committee may be allowed like compensation for their services to the Corporation.

Section 3.12. **Interested Directors.** No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or Committee which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if (1) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the Committee, and the Board or Committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (2) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (3) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, Committee, or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of the Committee which authorizes the contract or transaction.

Section 3.13. **Committees.** The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more Committees, each Committee to consist of two or more of the directors of the Corporation. Any such

Committee, to the extent provided in the resolution not inconsistent with the provisions of the Statutes of Delaware, shall have and may exercise the powers and authority of the Board of Directors in the management of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it. A majority of the members of the Committee then holding office shall constitute a quorum at all meetings and each such Committee shall keep regular minutes of its proceedings and report the same to the whole Board.

Section 3.14. Nomination for Election of Directors. Nominations for the election of Directors shall be properly made by the Board of Directors or a nominating committee appointed by the Board of Directors or by any stockholder entitled to vote in the election of Directors generally; provided, however, that any such stockholder may nominate one or more persons for election as Directors at a meeting only if such stockholder has given written notice of such stockholder's intent, either by personal delivery or by United States mail, postage prepaid, to the Secretary not later than (1) with respect to an election to be held at an annual meeting of stockholders, ninety days prior to the anniversary date of the immediately preceding annual meeting, and (2) with respect to an election to be held at a special meeting of stockholders for the election of directors, the close of business on the tenth day following the date on which notice of such meeting is first given to stockholders. Each such notice shall set forth: (a) the name and address, as they appear on the transfer books of the Corporation, of the stockholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (d) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission as then in effect; and (e) the consent of each nominee to serve as a director of the Corporation if so elected.

The presiding officer of any meeting at which a stockholder or its representative attempts to nominate one or more persons for election as directors may refuse to acknowledge the nomination of any person not made in compliance with the provisions of this Section 3.14.

ARTICLE IV OFFICERS

Section 4.1. Designation: Number. The officers of the Corporation shall consist of a Chairman of the Board; a President and Chief Executive Officer; a Vice President, Personnel and Public Relations; a Vice President of Finance; a Vice President and General Counsel; a Vice President of Administration; one or more other Vice Presidents; a Secretary; a Treasurer; and a Controller, all of whom shall be elected by the Board of Directors and shall hold office until their successors are duly elected and qualified. In addition, the Chairman of the Board may appoint a Tax Director, one or more Assistant Secretaries, Assistant Treasurers and Assistant Controllers and such other officers and agents as he may deem necessary or desirable who shall hold their offices for such terms and shall have such authority and perform such duties as shall be determined by the Chairman from time to time. Any Vice President designated by a resolution of the Board of Directors or by delegation of the Chairman of the Board or the President shall have authority to sign contracts and any other documents as specifically authorized by the Board of Directors or the Chairman of the Board or the President or which are within the ordinary course of the business of the Corporation.

Section 4.2. Non-Corporate Officers. The President shall have authority to appoint from time to time officers of divisions, product groups or other segments of the Corporation's business for such terms, with such authority and at such salary as the President in his sole discretion shall determine; provided, however, such appointed officer shall under no circumstances have authority to bind any other division, product group or other segment of the Corporation's business nor to bind the Corporation, except as to the normal and usual business affairs of the division, product group or other segment of the Corporation's business of which he is an officer. Such appointed officer, as such, shall not be construed as an officer of the Corporation.

Section 4.3. Salaries. The salaries of the officers elected pursuant to Section 4.1 above shall be determined by the Board of Directors. The salaries of all other officers and agents of the Corporation appointed by the Chairman or the President shall be determined, respectively, by the Chairman or the President.

Section 4.4. Removal. Any officer elected by the Board of Directors and any officer or agent appointed by the Chairman of the Board or President, as the case may be, may be removed at any time by the Board of Directors or the Chairman of the Board or President, respectively, whenever in its or his judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any vacancy occurring in any elected office of the Corporation shall be filled by the Board of Directors.

Section 4.5. Chairman of the Board. The Chairman of the Board shall preside at all meetings of stockholders and of the Board and shall see that all orders and resolutions of the Board are carried into effect. The Chairman of the Board shall assist the President in the general supervision, control and management of the affairs and business of the Corporation. In the absence of specific action by the Board of Directors, the Chairman of the Board and/or the President shall have the authority

to vote, on behalf of the Corporation, the securities of other corporations, both domestic and foreign, held by the Corporation.

Section 4.6. President and Chief Executive Officer. The President and Chief Executive Officer shall be the chief executive officer of the Corporation. The President shall, in the absence or disability of the Chairman of the Board, perform the duties and exercise the powers of the Chairman of the Board. Subject to the control of the Board, the President shall have general supervision, control and management of the affairs and business of the Corporation. He, the Chairman of the Board and/or the Vice President of Finance shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation.

Section 4.7. Vice President, Personnel and Public Relations. The Vice President, Personnel and Public Relations shall be in charge of the personnel functions of the Corporation and shall be directly responsible in such capacity for labor relations involving the Corporation and its employees. He shall also be in charge of the public relations of the Corporation. He shall be under the direction of and report to the Chief Executive Officer.

Section 4.8. Vice President of Finance. The Vice President of Finance shall be the chief financial officer of the Corporation and shall be in charge of the general financial affairs of the Corporation and shall be under the direction and report to the Chief Executive Officer. He and/or the Chief Executive Officer shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation.

Section 4.9. Vice President and General Counsel. The Vice President and General Counsel shall be the chief legal officer of the Corporation and as such shall be in charge of the Law Department of the Corporation and be responsible for legal matters involving the Corporation. He shall be under the direction of and report to the Chief Executive Officer.

Section 4.10. Vice President of Administration. The Vice President of Administration shall coordinate acquisitions, divestitures, license agreements and joint ventures as well as direct the corporate operations, data communications and energy conservation staffs. He shall be under the direction of and report to the Chief Executive Officer.

Section 4.11. Other Vice Presidents. The other Vice Presidents shall perform such duties as may be prescribed by the Board of Directors, the Chairman of the Board or the President.

Section 4.12. Secretary and Assistant Secretaries.

(a) The Secretary shall attend all sessions of the Board of Directors and all meetings of the stockholders and record the minutes of all proceedings in a book to be kept for that purpose, and shall perform like duties for Committees of the Board when required. He shall give, or cause to be given, notice of all meetings of the stockholders and of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or Chairman of the Board or the President. He shall keep in safe custody the seal of the Corporation, and, when authorized by the Board, affix the same to any instrument requiring it, and when affixed it shall be attested by his signature or by the signature of the Treasurer or an Assistant Secretary.

(b) The Assistant Secretaries in the order of their seniority shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary, and shall perform such other duties as the Chairman of the Board or the President shall prescribe.

Section 4.13. Treasurer and Assistant Treasurers.

(a) The Treasurer shall, subject to the direction of the Vice President of Finance, have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation, in such depositories as may be designated by the Board of Directors.

(b) He shall disburse the funds of the Corporation when proper to do so, taking proper vouchers for such disbursements, and shall render to the Vice President of Finance, the Chairman of the Board, the President and the Board of Directors, at the regular meeting of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

(c) If required by the Board of Directors, he shall give the Corporation a bond in such sum, and with such surety or sureties as shall be satisfactory to the Board, for the faithful performance of the duties of his office, and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

(d) The Assistant Treasurers in the order of their seniority shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties as the Chairman of the Board or the Vice President of Finance shall prescribe.

Section 4.14. Controller and Assistant Controllers.

(a) The Controller shall be the chief accounting officer of the Corporation and shall be responsible for the installation and supervision of all accounting records, including the preparation and interpretation of financial statements, the continuous audit of accounts and records, and such other duties usually incident to the office of Controller. He shall be

under the direction of the Vice President of Finance and shall, in addition to the foregoing duties, perform such other duties as may be assigned to him by the Board of Directors, the Chairman of the Board or the Vice President of Finance.

(b) The Assistant Controllers in the order of their seniority shall, in the absence or disability of the Controller, perform the duties and exercise the powers of the Controller and shall perform such other duties as the Chairman of the Board or the Vice President of Finance shall prescribe.

Section 4.15. **Tax Director.** The Tax Director shall be responsible for the preparation and signing of all federal and state tax returns, consents, elections, closing agreements and all other documents related to the determination of any federal or state tax liability of the Corporation, and as such shall be under the direction of and report to the Vice President of Finance.

ARTICLE V SHARES AND THEIR TRANSFER

Section 5.1. **Certificates of Stock.** Certificates for shares of stock of the Corporation shall be in such form as shall be approved by the Board, and during the period while more than one class of stock or more than one series of any class of the Corporation is authorized, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificates which the Corporation shall issue to represent such class or series of stock, or else there shall appear on the certificates a statement that the Corporation shall furnish such information to a stockholder without charge if it be requested. They shall exhibit the holder's name and number of shares, and, with respect to each class of stock of the Corporation, or series thereof, if there be more than one class or series thereof, shall bear a distinguishing letter, and each class or series thereof, if any, shall be numbered serially and be issued in consecutive order. They shall bear the Corporate seal or a facsimile thereof and shall be signed by the Chairman of the Board or the President, or a Vice President, and by the Treasurer or any Assistant Treasurer, or the Secretary or any Assistant Secretary of the Corporation. If such certificate is countersigned (1) by a transfer agent other than the Corporation or its employee, or, (2) by a registrar other than the Corporation or its employee, any other signature on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the Corporation with same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Section 5.2. **Transfer of Stock.** Upon surrender to the Corporation or its transfer agent of a certificate representing shares, duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled, and the transaction recorded upon the books of the Corporation.

Section 5.3. **Lost, Stolen or Destroyed Certificates.** Any person, claiming a certificate for shares of the Corporation to be lost, stolen or destroyed, shall make affidavit of the fact and lodge the same with the Secretary of the Corporation accompanied by a signed application for a new certificate. Such person shall also give the Corporation a bond of indemnity with one or more sureties satisfactory to the Board of Directors, and in an amount which in their judgment shall be sufficient to save the Corporation from loss, or shall qualify under such blanket bond as may from time to time be approved by the Board of Directors, and thereupon the proper officers may cause to be issued a new certificate of like tenor with the one alleged to be lost, stolen or destroyed.

Section 5.4. **Record Date.** In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action.

Section 5.5. **Registered Stockholders.** The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

Section 5.6. **Transfer Agents and Registrars.** The Board of Directors may from time to time appoint a transfer agent and registrar in one or more cities; may require all certificates evidencing shares of stock of the Corporation to bear the signatures of a transfer agent and registrar; and may provide that such certificates shall be transferable in more than one city.

ARTICLE VI

INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Corporation shall, to the fullest extent to which it is empowered to do so by the General Corporation Law of Delaware, or any other applicable laws, as from time to time in effect, indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer of the Corporation or a division thereof, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding.

The provisions of this Article shall be deemed to be a contract between the Corporation and each director or officer who serves in any such capacity at any time while this Article and the relevant provisions of the General Corporation Law of Delaware or other applicable law, if any, are in effect, and any repeal or modification of any such law or of this Article shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such state of facts.

The Corporation shall, to the fullest extent to which it is empowered to do so by the General Corporation Law of Delaware, and with respect to the Employee Retirement Income Security Act of 1974, or any other applicable laws, as from time to time in effect, indemnify any officer, director or employee of the Corporation or an affiliated corporation, who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was serving at the request of the Corporation as an individual Trustee, Committee member, administrator or fiduciary of a pension or other benefit plan for employees of the Corporation, or of an affiliated corporation or other enterprise.

Persons who are not covered by the foregoing provisions of this Article and who are or were employees or agents of the Corporation or a division thereof, or are or were serving at the request of the Corporation as employees or agents of another corporation, partnership, joint venture, trust or other enterprise, may be indemnified to the extent authorized at any time or from time to time by the Board of Directors of the Corporation.

The indemnification provided or permitted by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled by law or otherwise, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article.

The Corporation shall, to the fullest extent to which it is empowered to do so by the General Corporation Law of Delaware, or any other applicable laws, as from time to time in effect, pay expenses, including attorneys' fees, incurred in defending any action, suit or proceeding, in advance of the final disposition of such action, suit or proceeding, to any person who is or was a party or is threatened to be made a party to any such threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Corporation, upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized by applicable laws.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.1. Checks, Drafts and Other Instruments. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness, issued in the name of the Corporation shall be signed by such officer or officers, or such other person or persons, as the Board of Directors may from time to time designate.

Section 7.2. Seal. The corporate seal of the Corporation shall be in such form as the Board of Directors may determine and shall include the name of the Corporation and the words "Corporate Seal, Delaware." The seal may be used by causing it, or a facsimile thereof, to be impressed or affixed or in any manner reproduced.

Section 7.3. Fiscal Year. The fiscal year of the Corporation shall commence on the first day of January in each year and end on the following 31st day of December.

Section 7.4. Notices. Notice by mail shall be deemed to have been given at the time the same shall be mailed. Notice by telegraph shall be deemed to have been given when the same shall have been delivered for prepaid transmission into the custody of a company ordinarily engaged in the transmission of such messages.

Section 7.5. **Waiver of Notice.** Whenever any notice whatever is required to be given under the provisions of the laws of the State of Delaware or under the provisions of the Certificate of Incorporation or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Except as may be otherwise specifically provided by law, any waiver by mail, telegraph, cable or wireless bearing the name of the person entitled to notice shall be deemed a waiver in writing duly signed. The presence of any person at any meeting either in person or by proxy shall be deemed the equivalent of a waiver in writing duly signed, except where the person attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 7.6. **Dividends.** Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of law and of the Certificate of Incorporation.

Section 7.7. **Creation of Reserves.** Before payment of any dividend or making any distribution of profits, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board from time to time, in its absolute discretion, may think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Board shall think conducive to the interest of the Corporation, and the Board may at any time modify or abolish any such reserve in the manner in which it was created.

Section 7.8. **Amendments.** These By-Laws may be altered or repealed by the affirmative vote of the majority of the entire number of directors specified from time to time in the restated Certificate of Incorporation at any regular meeting of the Board or at any special meeting of the Board, if notice of the proposed alteration or repeal be contained in the notice of such special meeting; provided, however, that any provisions of these By-Laws resulting from such alteration or repeal shall at all times be in conformance with the Restated Certificate of Incorporation and the laws of the State of Delaware.

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Attachment 7

Sundstrand Corporation Proxy Statement
March 13, 1989



SUNDSTRAND CORPORATION
Rockford, Illinois

To the Stockholders of
SUNDSTRAND CORPORATION:

The 1989 Annual Meeting of Stockholders of Sundstrand Corporation is to be held in Salon A of the Renaissance Suite, 4th Floor, The Helmsley Palace, 455 Madison Avenue, New York, New York, on Thursday, April 20, 1989, at 11:00 a.m., Eastern Time. Stockholders will be called upon to elect one director for a term of two years and three directors for a term of three years; to approve a proposed 1989 Restricted Stock Plan for key managerial employees; and to consider and vote upon a stockholder's proposal, opposed by the Board of Directors, relating to the Company's business relationships in South Africa. The Board of Directors cordially invites you to attend the meeting. If you are able to join us at the meeting, please enter through the 50th or 51st Street entrance and take the elevators located nearest the 51st Street entrance to the 4th floor where the Renaissance Suite is located.

A copy of the Annual Report of the Company for the year 1988 is enclosed.

At your earliest convenience, please sign and return the enclosed proxy card so that your shares will be represented at the meeting. All stockholders, whether they attend the meeting or not, will receive a report containing a summary of the proceedings.

Very truly yours,

Chairman of the Board

*President and Chief
Executive Officer*

March 13, 1989

To assure that your shares are represented at the meeting, please date, sign and mail promptly the enclosed Proxy Card for which a return envelope is provided.

SUNDSTRAND CORPORATION

**4949 Harrison Avenue
P.O. Box 7003
Rockford, Illinois 61125-7003**

Notice of Annual Meeting of Stockholders

March 13, 1989

Notice is hereby given that the Annual Meeting of Stockholders of Sundstrand Corporation, a Delaware corporation (the "Company"), will be held in Salon A of the Renaissance Suite, 4th Floor, The Helmsley Palace, 455 Madison Avenue, New York, New York, on Thursday, April 20, 1989, at 11:00 a.m., Eastern Time, for the following purposes:

1. To elect one director for a term of two years and three directors for a term of three years;
2. To consider and vote upon a proposed 1989 Restricted Stock Plan for key managerial employees of the Company and its subsidiaries, which plan is set forth in the Proxy Statement;
3. To consider and vote upon a stockholder's proposal relating to the Company's business relationships in South Africa; and
4. To transact such other business as may properly come before the meeting.

The Board of Directors has fixed the close of business on March 6, 1989, as the time for taking a record of the stockholders entitled to notice of and to vote at the meeting. A list of such stockholders will be available at the offices of Georgeson & Company Inc., Wall Street Plaza, 30th Floor, New York, New York 10005 on and after March 31, 1989.

By order of the Board of Directors,

RICHARD M. SCHILLING,
Secretary

SUNDSTRAND CORPORATION

4949 Harrison Avenue
P.O. Box 7003
Rockford, Illinois 61125-7003
March 13, 1989

Proxy Statement for Annual Meeting of Stockholders

To Be Held April 20, 1989

The enclosed proxy is being solicited by the Board of Directors of the Company and may be revoked prior to the voting thereof. The cost of soliciting proxies by mail, telephone, telegraph, or in person, as needed, will be borne by the Company. The Company has retained Georgeson & Company Inc. to assist in soliciting proxies from stockholders, including brokers' accounts, at a fee of \$5,500 plus out-of-pocket expenses, to be paid by the Company. Also, officers or regular employees of the Company may engage in the solicitation of proxies by telegraph, telephone or personal calls.

VOTING SECURITIES

The record date for determining the stockholders entitled to vote at the meeting is March 6, 1989. On this date, the Company had 18,493,529 shares of Common Stock outstanding which are entitled to vote at the meeting. Stockholders are entitled to one vote for each share held.

The following table sets forth the name and address of each person known to the Company to be the beneficial owner of more than 5 percent of the Company's Common Stock, the number of shares beneficially owned by such persons, and the percentage of the Company's Common Stock so owned.

<u>Name and Address of Beneficial Owner</u>	<u>Shares Beneficially Owned</u>	<u>Percent of Class</u>
The Equitable Life Assurance Society of the United States 787 Seventh Avenue, New York, New York 10019		
Alliance Capital Management, L.P.*	1,050,425	5.68%
Donaldson, Lufkin & Jenrette Securities Corporation*		

*Alliance Capital Management, L.P. ("Alliance") and Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ") are subsidiaries of The Equitable Life Assurance Society of the United States. Equitable reports beneficial ownership of 1,043,600 shares. Alliance reports beneficial ownership of 6,800 shares, with the remaining 25 shares held by DLJ.

The Company knows of no other person or group which is a beneficial owner of 5% or more of the Company's Common Stock.

ELECTION OF DIRECTORS

Article Ninth of the Restated Certificate of Incorporation of the Company provides that the number of directors from time to time shall be not less than eight nor more than twelve as fixed by the Company's by-laws. It also requires the classification of directors into three classes as nearly equal in number as possible, each director being elected for a term of three years.

As a result of the retirement of David MacMorris as Executive Vice President and his resignation as a director effective December 1, 1988, and the retirement of Evans W. Erikson as Chairman of the Board and Chief Executive Officer and his resignation as a director effective December 31, 1988, the Company's by-laws were amended to decrease the number of directors from eleven to nine. As a result, the class of directors from which Mr. Erikson resigned has two remaining directors, while the class whose terms expire at the 1989 Annual Meeting, has four directors. Accordingly, so that the three classes of directors may be as nearly equal in number as possible, one director is to be elected at the meeting for a term of two years and three directors are to be elected for a term of three years and until their successors are duly elected and qualified.

The Board of Directors has nominated John A. Puelicher for the two-year term and Thomas L. Martin, Jr., Ward Smith and Robert C. Hyndman for the three-year terms. Each of the nominees is presently serving as a director of the Company. Unless otherwise directed, the proxy holders intend to vote the proxies received by them for the election of these nominees. If, on account of death or unforeseen contingencies, any of said persons is unavailable for election, the proxies will be voted for a substitute nominee designated by the Board of Directors.

The nominees and the five continuing Board members, the year each first became a director (set forth underneath his picture), his age, description of his principal occupation for the past five years, and other directorships held in publicly owned companies are:

NOMINEES FOR ELECTION TO BOARD OF DIRECTORS

For Two-year Term Expiring 1991



1977

John A. Puelicher, 68, a director and since October 1987, Chairman of the Board of Marshall & Ilsley Corporation, Milwaukee, Wisconsin, a multi-bank holding company, and since January 10, 1989, a retired officer of M&I Marshall & Ilsley Bank. From December 1985, to October 1987, Mr. Puelicher was Chairman of the Board and President of Marshall & Ilsley Corporation, and for more than five years prior to December 1985, he was its Chairman of the Board. For more than five years prior to January 10, 1989, Mr. Puelicher was Chairman of the Board of M&I Marshall & Ilsley Bank. Mr. Puelicher is a director of Great Northern Nekoosa Corporation, Stamford, Connecticut, a producer of newsprint, business papers and container board; Modine Manufacturing Company, Racine, Wisconsin, a manufacturer of heat transfer products; Wisconsin Bell, Inc., Milwaukee, Wisconsin, a public telephone utility, which is a wholly owned subsidiary of American Technologies Service Company; W. R. Grace & Co., New York, New York, a diversified company in chemicals, oils and paper; and Sentry Insurance, Stevens Point, Wisconsin, a mutual insurance company.

NOMINEES FOR ELECTION TO BOARD OF DIRECTORS

For Three-year Term Expiring 1992



1979

Dr. Thomas L. Martin, Jr., 67, a director and since June 1, 1987, President Emeritus of the Illinois Institute of Technology, Chicago, Illinois. For more than five years prior to June 1, 1987, Dr. Martin was President of the Illinois Institute of Technology and Chairman of the Illinois Institute of Technology Research Institute. Dr. Martin is a director of Amsted Industries, Inc., Chicago, Illinois, a diversified manufacturing company; Inland Steel Industries, Chicago, Illinois, a manufacturer of steel products; Cherry Corporation, Waukegan, Illinois, a manufacturer of electro-mechanical, electronic and semi-conductor products; Commonwealth Edison Co., Chicago, Illinois, a public electricity utility; Kemper Mutual Funds, Chicago, Illinois, a family of investment funds organized to invest shareholder monies in diversified securities; and Interand Corporation, Chicago, Illinois, a manufacturer of electronic communication systems.



1983

Ward Smith, 58, a director and since January 1, 1987, Chairman, President and Chief Executive Officer of Nacco Industries, Inc., Cleveland, Ohio, a coal mining company, a manufacturer and seller of small home appliances and a manufacturer and seller of fork lift trucks. From September 1986, to December 31, 1986, Mr. Smith was President and Chief Executive Officer of Nacco Industries, Inc. From January 1, 1986, to September 1986, Mr. Smith was variously Chairman, President, Chief Executive Officer and Chief Operating Officer of White Consolidated Industries, Inc., Cleveland, Ohio, a diversified manufacturing company, and from July 1, 1984, to December 31, 1985, he was its President and Chief Operating Officer. For more than five years prior to July 1, 1984, Mr. Smith was President and Chief Administrative Officer of White Consolidated Industries, Inc. Mr. Smith is a director of Society Corporation, Cleveland, Ohio, a bank holding company.

NOMINEES FOR ELECTION TO BOARD OF DIRECTORS

For Three-year Term Expiring 1992

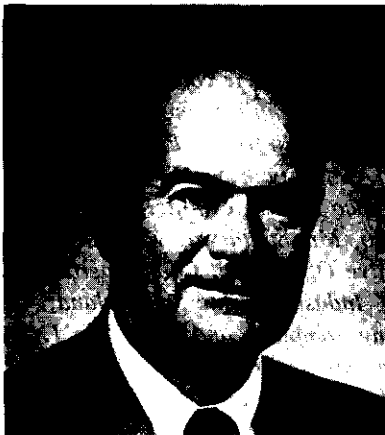


1985

Robert C. Hyndman, 61, since March 31, 1988, a retired officer of Morton Thiokol, Inc., Chicago, Illinois, a manufacturer of aerospace, chemical and salt products. From October 23, 1986, to March 30, 1988, Mr. Hyndman was Vice Chairman of Morton Thiokol, Inc. and from January 26, 1984, to October 22, 1986, he was its President and Chief Operating Officer.

MEMBERS OF THE BOARD OF DIRECTORS CONTINUING IN OFFICE

Term Expiring 1990



1978

Thomas G. Pownall, 67, a director and since May 1, 1988, retired officer of Martin Marietta Corporation, Bethesda, Maryland, a diversified manufacturer of technology based systems and products for various industries. From December 3, 1987, to April 30, 1988, Mr. Pownall was Chairman of Martin Marietta Corporation, and from January 1983, to December 2, 1987, he was its Chairman and Chief Executive Officer. Mr. Pownall is a director of GEICO Corporation, Washington, D.C., a holding company of Government Employees Insurance Co. and related companies; Strategic Planning Associates, Inc., Washington, D.C., management consultants specializing in strategic planning; and Westland PLC, Yeovil, Somerset, England, a manufacturer of helicopters, hovercraft, aerospace equipment and systems, and fuel tanks.

Voting Securities Held by Directors, Nominees and Officers

The following table lists the number of shares of Common Stock of the Company beneficially owned by nominees and continuing directors and by officers and directors as a group.

Name	Shares of Common Stock Beneficially Owned as of February 24, 1989*
John A. Puelicher	1,321
Thomas L. Martin, Jr.	139
Ward Smith	2,793
Robert C. Hyndman	100
Thomas G. Pownall	3,866
Klaus H. Murmann	2,000
Harry C. Stonecipher	30,000
Don R. O'Hare	44,165**
Donald E. Nordlund	4,083
All Officers and Directors as a Group (16 persons, including those named above)	164,495**

*No nominee, director or officer beneficially owns more than 1 % of the Common Stock outstanding and all officers and directors as a group own 0.89 % of the Common Stock outstanding.

**Does not include 721,457 shares of Common Stock of the Company held in retirement plan trusts maintained by the Company with respect to which Messrs. O'Hare, Paul Donovan, Vice President of Finance and Treasurer, and Philip W. Polgreen, Vice President, Personnel and Public Relations have investment discretion. The beneficial ownership of such stock is denied by them.

Board of Directors and Committees

During 1988 non-officer directors were compensated by an annual fee of \$21,000, were paid a \$500 attendance fee for each meeting of the Executive, Audit, Compensation, Nominating and Finance Committees and were also reimbursed for expenses and costs in connection with attendance at meetings. Under the policy of the Board of Directors, no such fees are paid to directors who are also officers of the Company. In addition, during 1988 the Company provided the use of Company planes to Messrs. Robert C. Hyndman, Klaus H. Murmann and Ward Smith which amounted to \$1,599, \$128 and \$6,546, respectively.

There were nine meetings of the Board of Directors during 1988 and on one occasion action was taken through consent resolutions signed by all directors which reflected decisions reached following discussions among the directors. During 1988 there was one meeting of the Executive Committee, which Committee was appointed on December 2, 1988, two meetings of the Audit Committee, four meetings of the Compensation Committee, one meeting of the Nominating Committee and three meetings of the Finance Committee. The Financial Operations Committee did not meet during 1988. The present members of the Executive Committee are Robert C. Hyndman (Chairman), Donald E. Nordlund, and John A. Puelicher; the present members of the Audit Committee are Messrs. Klaus H. Murmann (Chairman), John A. Puelicher, and Donald E. Nordlund; the present members of the Compensation Committee are Messrs. Thomas G. Pownall (Chairman), Ward Smith, and Robert C. Hyndman; the present members of the Nominating Committee are Messrs. Ward Smith (Chairman), Thomas L. Martin, Jr., and Robert C. Hyndman; the present members of the Finance Committee are Messrs. John A. Puelicher (Chairman), Thomas G. Pownall, and Donald E. Nordlund; and the present members of the Financial Operations Committee are Messrs. Don R. O'Hare (Chairman), Harry C. Stonecipher, and Paul Donovan.

The Executive Committee may, subject to the limitations set forth in Section 141(c) of the Delaware General Corporation Law, exercise all of the powers and authority of the Board of Directors in the management of the business and affairs of the Company.

The Audit Committee reviews the Company's financial statements audited by the Company's independent certified public accountants prior to publication and is advised by management of any significant problems in completing the audit and of any significant accounting changes. The Audit Committee also makes recommendations concerning the engagement of independent certified public accountants to audit the annual financial statements of the Company and approves in advance the scope of the audit services to be performed by such accountants. The Audit Committee meets with the Company's director of internal audit to review internal audit activities performed during the prior year and the internal audit plan for the following year. The Audit Committee also receives reports from the Chairman of the Company's Corporate Business Conduct and Ethics Committee.

The Compensation Committee administers the Company's Restricted Stock Plans, authorizes the sale and issuance of shares of Common Stock of the Company thereunder, and reviews and recommends to the Board of Directors salary and other forms of compensation for the Company's elected officers.

The Finance Committee reviews the financial condition and requirement for funds of the Company, studies proposed financing activities, reviews and recommends actions to change the capital structure of the Company, and reviews the Company's risk management program and its adequacy to safeguard the Company against extraordinary liabilities or losses.

The Financial Operations Committee approves guarantees by the Company of obligations of its subsidiaries and gives proxies to vote at stockholders meetings shares of other companies held by the Company.

The Nominating Committee periodically reviews the size and composition of, and recommends appropriate changes to, the Board of Directors. It considers and recommends to the Board of Directors candidates to fill vacancies which occur from time to time on the Board of Directors and to fill newly created directorships. Generally, non-employee directors are selected on the basis of recognized achievements in the business, educational or professional field.

The Company's bylaws provide that any stockholder entitled to vote in the election of directors generally may nominate one or more persons for election as directors at a meeting only if such stockholder has given written notice of such stockholder's intent to make such nomination or nominations, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the Company not later than ninety days prior to the anniversary date of the immediately preceding Annual Meeting (with respect to an election to be held at an Annual Meeting of stockholders) or, with respect to an election to be held at a Special Meeting of stockholders for the election of directors, the close of business on the tenth day following the date on which notice of such meeting is first given to stockholders. Each such notice shall set forth: (a) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the stockholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (d) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission as then in effect; and (e) the consent of each nominee to serve as a director of the Company if so elected. The presiding officer of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

Certain Relationships and Related Transactions

Effective January 1, 1987, the Company and a long-time licensee, Sauer Getriebe AG of West Germany ("Sauer"), established a joint venture combining the Company's and Sauer's hydraulic power transmission businesses, with one operating group in the United States and a second operating group in Europe. Each party has a 50% interest in the joint venture.

In establishing the joint venture both the Company and Sauer contributed to the venture entities certain assets associated with their respective hydraulic power transmission businesses. In addition, the joint venture agreements provide that the Company will lease to the joint venture certain property, plant and equipment necessary to conduct the joint venture business and will also provide certain services to the joint venture. During 1988 the costs incurred by the joint venture with regard to these matters was \$6,710,000. It is estimated that the amount that will be incurred by the joint venture with regard to these matters will be approximately \$1,670,000 for the period January 1, 1989 through March 31, 1989 the scheduled date of the sale of the Company's interest in the joint venture as described below.

During 1988 the joint venture distributed \$1,462,000 to both the Company and Sauer. As a result of the Company's sale of its interest in the joint venture no distributions will be made by the joint venture to the Company during 1989.

Klaus H. Murmann and his family members have a controlling interest in Sauer. Mr. Murmann is the Chief Executive Officer of the joint venture. For his services to the joint venture in 1988 he was paid \$300,000. For the period January 1, 1989 through March 31, 1989 he is expected to be paid approximately \$75,000.

The Company and Susco Acquisition Company ("SAC"), a company recently formed by Mr. Murmann, and owned by him, family members and associates, have entered into an agreement which will result in SAC's acquisition of the Company's interest in the joint venture and the property, plant and equipment being leased by the Company to the joint venture. Total proceeds to the Company will be approximately \$70 million. The amount to be received by the Company for its interest in the joint venture is based upon the Company's contribution value for such interest, which contribution value was agreed to with Sauer Getriebe A.G. at the time the joint venture was formed. The amount to be received for the property, plant and equipment being acquired by SAC is based upon the Company's book value for such assets. The Company has obtained a fairness opinion relating to this transaction from an independent financial advisor. Completion of the transaction is scheduled for March 31, 1989.

Unless otherwise agreed, neither the Company nor Sauer could sell its interest in the joint venture prior to January 1, 1990, and after that date only if the party desiring to sell had complied with provisions of the joint venture agreement having the effect of a right of first refusal by the non-selling party. Necessary consents to permit the sale of the Company's interest in the joint venture to SAC have been obtained.

Shareholder Derivative Actions

As disclosed in the Company's Annual Report for 1988 which accompanies this proxy statement, the Company is a nominal defendant in shareholder derivative actions brought against the Company's directors, certain of the Company's current officers, and certain former directors and officers of the Company. Due to the nature of derivative claims generally, continuing directors and Messrs. Puelicher, Martin, Smith and Hyndman, nominees for election as directors, may be deemed to have an interest adverse to the Company with respect to such legal proceedings.

Although the Retirement Plan provides for a monthly primary Social Security benefit the amounts shown in the table have not been reduced to reflect this reduction.

Restricted Stock Plans

The Sundstrand Corporation 1975 and 1982 Restricted Stock Plans (the "Plans") for key managerial employees were approved by stockholders at annual meetings in each such year. The purpose of the Plans is to permit such key managerial employees to acquire shares of the Company's Common Stock on favorable terms, thereby increasing their personal involvement in the performance of the Company. The Plans permit the sale to

COMPENSATION OF EXECUTIVE OFFICERS

The following table sets forth the total cash compensation paid to or accrued for the five most highly compensated executive officers of the Company for whom such compensation exceeded \$60,000 during 1988 and for all executive officers as a group during that year.

<u>Name of Individual or Number in Group</u>	<u>Capacities in Which Served</u>	<u>Cash Compensation*</u>
Evans W. Erikson	Chairman of the Board and Chief Executive Officer	\$ 699,982
Don R. O'Hare	Vice Chairman of the Board	520,000

such employees of up to an aggregate of 700,000 shares of Company Common Stock under certain restrictive conditions at a price not less than \$1 per share (par value) to be determined by the Compensation Committee of the Board of Directors which administers the Plans. All shares purchased under the Plans to date have been at a price of \$1 per share. The restrictions under the Plans, having the effect of a substantial risk of forfeiture, consist of a prohibition against any sale or other transfer of the shares and the obligation of the employee, at the Company's option, to resell the shares to the Company at the price he paid for them, if his employment is terminated prior to the expiration of from five to nine years after the shares are sold to him for reasons other than normal retirement, death, total disability or early retirement with the consent of the Board or the Compensation Committee.

The shares are escrowed for nine years and are released one-fifth each year from the end of the fifth year through the end of the ninth year after purchase. The Plans also provide that the shares shall be released from escrow in the event of the dissolution of the Company or a merger or consolidation in which the Company is not the surviving corporation and in the event a participant's employment is terminated for any reason within two years after another entity acquires substantially all of the assets of the Company, acquires 20% or more of the outstanding voting securities of the Company, or merges or consolidates with the Company, except under certain circumstances where the Company is the surviving corporation.

During the past three fiscal years, executive officers purchased 127,000 shares under the Plans. The market appreciation since date of purchase on shares purchased under the Plans by named individuals and current executive officers as a group (8 persons including Messrs. O'Hare and Stonecipher) in years prior to 1988 and with respect to which restrictions lapsed during the 1986, 1987 and 1988 fiscal years were: Mr. Erikson — \$709,970; Mr. O'Hare — \$616,720; Mr. Stonecipher — \$0.00; Mr. MacMorris — \$739,175; Mr. Kittle — \$349,618; and current executive officers as a group — \$1,212,540. The market appreciation since date of purchase on shares purchased under the Plans by all employees participating in the Plans in years prior to 1988 and with respect to which restrictions lapsed during the 1986, 1987, and 1988 fiscal years was \$8,099,203.

Restricted Stock Cash Equivalent Plan

The Restricted Stock Cash Equivalent Plan (the "Cash Equivalent Plan") for elected officers of the Company was adopted in July 1980 by the Board of Directors. Under the Cash Equivalent Plan elected officers are granted rights to receive cash equal to the market value of shares of Common Stock on the date they are released from escrow under the Restricted Stock Plans less the purchase price previously paid by the participant. Such cash is in addition to the restricted stock released from escrow. Rights granted to each participant cover all of the participant's restricted stock shares in escrow, and such rights will be granted with respect to each share of restricted stock purchased in the future by elected officers under the Restricted Stock Plans. The cash received under the Cash Equivalent Plan is additional compensation to the recipient and is taxable to him at ordinary income rates. No rights under the Cash Equivalent Plan can be realized until the restrictions on the related shares of stock are removed. In the event a participant's employment terminates and the Company exercises its right of repurchase of the shares issued under the Restricted Stock Plans, any right with respect to such shares under the Cash Equivalent Plan shall be cancelled. The actual value of the rights depends on the market value of the Company's Common Stock at the time the restricted shares are released from escrow.

The amounts paid under the Cash Equivalent Plan to named individuals and current executive officers as a group (8 persons including Messrs. O'Hare and Stonecipher) in the 1986, 1987 and 1988 fiscal years were: Mr. Erikson — \$709,970; Mr. O'Hare — \$616,720; Mr. Stonecipher — \$0.00; Mr. MacMorris — \$739,175; Mr. Kittle — \$349,618; and current executive officers as a group — \$1,212,540. The amount paid under the Cash Equivalent Plan during the 1986, 1987 and 1988 fiscal years to all elected officers was \$4,195,229.

Employment Agreements

The Company has entered into an employment agreement ("Agreement") with Mr. Stonecipher ("Executive"), which Agreement is designed to assure the Company of his continued employment in an executive capacity. The "Employment Period" under the Agreement is from January 1, 1987 thru December 31, 1990.

The Agreement is not intended to alter materially the compensation and benefits appearing in this Proxy Statement with respect to Executive or such increased compensation and benefits as may be approved from time to time during the Employment Period. The Agreement may be terminated by death, cause (conviction of a felony), or, at the option of the Company, in the event of breach by Executive of certain provisions relating to noncompetition and nondisclosure of Company confidential information. During the Employment Period, or if earlier until death, Executive will be paid a salary at a rate which shall not be less than the highest annual salary rate he has attained while in the Company's employment. Additionally, he is entitled to continued participation in the retirement and other benefit plans in which he participated when the Agreement became effective, including the Company's 1982 Restricted Stock Plan and the Restricted Stock Cash Equivalent Plan, and is also entitled to participate in any other incentive, compensation or bonus plan which is later adopted.

The Company has also entered into an identical Employment Agreement with Mr. Erikson covering the period August 1, 1987 through November 28, 1991. Following the announcement of Mr. Erikson's retirement as Chairman of the Board and Chief Executive Officer and his resignation as a director, the Employment Agreement with Mr. Erikson was amended effective December 31, 1988. Under the Employment Agreement as amended, Mr. Erikson will no longer serve as an officer or director of the Company or any of its affiliates, but will be an inactive employee of the Company. Mr. Erikson continues to be compensated and to receive benefits at previously established levels, except that under the amended Employment Agreement, the Company agreed to make lump sum payments to Mr. Erikson of \$104,513 in January 1989, 1990 and 1991 in satisfaction of the Company's obligations under the Employment Agreement to provide Mr. Erikson with an office, furnishings, and secretarial and other administrative services through November 28, 1991. In all other material respects, the Employment Agreement with Mr. Erikson remains in effect according to its terms.

Other Compensation

During 1988 the Company provided personal benefits to executive officers such as financial counseling, Company cars, use of Company planes and personal services and expenses. This amounted to \$156,993 for Mr. Erikson, \$39,231 for Mr. O'Hare, \$67,328 for Mr. Stonecipher, \$28,435 for Mr. MacMorris, \$54,336 for Mr. Kittle, and \$474,008 for executive officers as a group including the above.

Loans

On October 17, 1984, the Board of Directors adopted the 1984 Elected Officers' Loan Program (the "Loan Program") pursuant to which elected officers may borrow from the Company. All loans outstanding under the program are collateralized. As of February 24, 1989, present and former executive officers with loans in excess of \$60,000 under the Loan Program were as follows: Mr. Erikson — \$2,640,000; Mr. Stonecipher — \$1,920,000; Mr. MacMorris — \$445,000; Mr. Kittle — \$1,160,000; Mr. Polgreen — \$540,000; Richard M. Schilling, Vice President and General Counsel and Secretary — \$780,000; Kenelm A. Groff, Vice President of Administration — \$457,816; Paul Donovan — \$920,000; Stanley F. Moeschl, Group Vice President, Sundstrand Data Control — \$375,000; and Mr. Ross — \$1,060,000. Interest rates charged on the loans ranged from 6.82% to 9.02%. The indicated amounts were the largest aggregate amounts outstanding during 1988 with respect to each such present or former executive officer, except with respect to Mr. Groff for whom the largest aggregate amount outstanding during 1988 was \$522,540.

1989 RESTRICTED STOCK PLAN

Important information and features with respect to the Sundstrand Corporation 1975 and 1982 Restricted Stock Plans are described above under the caption "Restricted Stock Plans and Related Transactions." The Board of Directors believes that the Company's Restricted Stock Plans have been successful in providing an additional incentive for key managerial employees of the Company and its subsidiaries, encouraging such employees to remain with the Company, and inducing qualified persons to become key managerial employees of the Company or its subsidiaries. In view of the fact that only a small number of shares of Common Stock are available for sale to key managerial employees under the 1982 Plan, the Board of Directors believes that a new restricted stock plan is desirable to enable the Company and its subsidiaries to attract, employ and retain key managerial employees of outstanding ability who will be motivated to exert maximum productive efforts in the advancement of the Company's business. Accordingly, the Board of Directors has adopted and is submitting for stockholder approval a 1989 Restricted Stock Plan (the "1989 Plan"). A brief description of the 1989 Plan follows. A copy of the 1989 Plan is attached to this Proxy Statement as Exhibit A, and reference is made thereto for the complete provisions thereof.

The employees eligible under the 1989 Plan will be those key managerial employees who are determined by the Board of Directors or the Compensation Committee of the Board to have and to exercise management functions and responsibility. Presently it is anticipated that those eligible to participate comprise a group of approximately twenty employees, including Messrs. O'Hare and Stonecipher, the Company's eight other elected officers, and general managers of principal operating businesses. In addition, the elected officers who participate in the 1989 Plan will be granted rights under the Restricted Stock Cash Equivalent Plan (see "Restricted Stock Cash Equivalent Plan") equal in number to the number of shares granted to them under the 1989 Plan. Under the 1989 Plan, an aggregate of not to exceed 200,000 shares of the Company's Common Stock will be allotted for sale to such employees. It is expected that such shares will comprise authorized but previously unissued shares, but under the 1989 Plan the Company may acquire such shares on the open market or otherwise.

Directors who are not employees of the Company or a subsidiary will not be eligible to participate in the 1989 Plan. The members of the Compensation Committee are chosen from the outside directors.

It is anticipated that the shares will be sold to the employees at a price substantially below the current market price of the shares (not less than the par value of \$1 per share); however, the shares will be subject to restrictions which will have the effect of a substantial risk of forfeiture for a period of at least five years or until the earlier death, disability or retirement of the employee. The restrictions will consist of (i) a prohibition against any sale or other transfer of the shares, and (ii) the obligation of the employee (at the Company's option) to resell the shares to the Company at the price he paid for them, if he leaves the employment of the Company or a subsidiary prior to the expiration of from five to nine years after the shares are sold to him for reasons other than normal retirement, death, total disability or early retirement with the consent of the Board or the Committee.

Except as otherwise provided, the restrictions imposed upon shares purchased by each participant will be removed as to one-fifth of the aggregate number of his shares purchased at one time upon the expiration of each of the fifth through the ninth year after his purchase of such shares. The Plans also provide that the restrictions imposed upon shares purchased by each participant will be removed in the event of the dissolution of the Company or a merger or consolidation in which the Company is not the surviving corporation or in the event a participant's employment is terminated for any reason within two years after another entity acquires substantially all of the assets of the Company, acquires 20% or more of the outstanding voting securities of the Company, or merges or consolidates with the Company, except under certain circumstances where the Company is the surviving corporation.

Since the shares sold to employees under the 1989 Plan are to be subject to restrictions which will have the effect of a substantial risk of forfeiture, the sale of those shares at prices below market should, in the opinion of the Company's legal counsel, not involve compensation to those employees includable in their gross income for federal income tax purposes for the year in which the shares are so acquired unless an employee elects to be taxed at such time. Unless the employee makes such an election, he will realize compensation for federal income tax purposes for the year in which the restrictions are removed, in an amount equal to the difference between his cost of the unrestricted shares and the market value thereof on the day the restrictions are removed. The Company will be entitled to a federal income tax deduction equal to the amount of such compensation in the year in which the employee realizes such compensation.

The Committee is empowered to determine who, among those eligible, will participate in the 1989 Plan, how many shares will be awarded to each participant, and the price at which the shares will be sold to him. No determination has yet been made as to which employees or officers will participate in the 1989 Plan or as to the number of shares that may be sold to any officer.

No shares may be sold under the 1989 Plan after February 15, 1999.

Amendments to the 1989 Plan may be effected by the Board of Directors, except that no increase (other than by reason of a stock split or stock dividend) in the maximum number of shares subject to the 1989 Plan can be made without the approval of the stockholders.

The closing price for the Company's Common Stock on the New York Stock Exchange on March 6, 1989 was \$55-5/8 per share.

Directors' Recommendation

The approval of the 1989 Plan will require the affirmative vote of the holders of a majority of the shares of Common Stock present in person or represented by proxy at the meeting. If the 1989 Plan is not approved by stockholders, no shares will be sold or issued under the 1989 Plan. *The Board of Directors recommends that the stockholders vote in favor of the 1989 Plan.*

RECOMMENDATION AGAINST STOCKHOLDER'S PROPOSAL RELATING TO SOUTH AFRICA

The following stockholder proposal was submitted pursuant to Rule 14a-8 of the Securities Exchange Act of 1984 by The Ministers and Missionaries Benefit Board of the American Baptist Churches, 475 Riverside Drive, New York, New York 10115, holder of 5,500 shares of the Common Stock of the Company.

WHEREAS, apartheid in South Africa denies to 85% of the population full participation in the economic and political processes which affect their lives;

WHEREAS, the South African government has persistently blocked peaceful channels for Blacks to request changes in apartheid. Archbishop Desmond Tutu has stated: "We are dealing here with a government that is virtually totalitarian and is determined to bludgeon God's people into submission;"

WHEREAS, the African National Congress has been outlawed and its leaders arrested; the government is repeating this pattern with most other nonparliamentary opposition groups;

WHEREAS, in February 1988 the government banned 17 more organizations including the largest legal political organization, the United Democratic Front, and the largest coalition of trade unions, the Council of South African Trade Unions (COSATU); COSATU, representing about one million workers, calls for foreign corporations to leave and in May 1988 voted to defy the ban on political activity;

WHEREAS, government press censorship has closed newspapers which oppose its policies and deported foreign reporters; persons willing to describe actual events and conditions have often been found murdered;

WHEREAS, U.S. corporate presence has supported the South African government and the white controlled economy. In 1985 U.S. companies paid \$752 million in taxes but only \$27 million for social programs. Laws may require sale of goods to the government;

WHEREAS, U.S. corporate presence has continued to decline, with 152 companies or almost one half of those present, selling all South African assets since the beginning of 1985;

WHEREAS, Archbishop Tutu, Dr. Allan Boesak, the Reverend Frank Chikane, the Reverend Beyers Naude, and other South African religious leaders and the South African Council of Churches have called for international economic sanctions as one of the only remaining ways to effect change with minimum violence;

WHEREAS, James Motlatsi, president of the National Union of Mineworkers, the largest trade union in South Africa, stated: "We support economic sanctions wholeheartedly...Those who make profits will suffer most. Not the Black laborers...This is a struggle for freedom and we support every step that leads to the isolation of South Africa;"

WHEREAS, public opinion against companies continuing economic relations with South Africa can result in consumer boycotts and selective buying campaigns. These companies stand to lose sales and suffer further in public image unless they withdraw from South Africa;

WHEREAS, present conditions in South Africa make continued economic investment there imprudent;

WHEREAS, COSATU and other Black leaders urge that corporations consult their workers and unions to insure that withdrawal advances the social and economic goals of these parties;

RESOLVED, that shareholders request the company to:

- 1) take all possible steps without violating legal contractual obligations to terminate remaining economic relationships with South Africa at the earliest possible date. Such relationships include but are not limited to sales and purchases of products or parts; licensing, management or franchise agreements and servicing of products.
- 2) establish a policy not to renew any economic ties to South Africa until apartheid ends.

Directors' Recommendation

The Board of Directors of the Company recommends that the stockholders of the Company vote against the adoption of the preceding stockholder's proposal for the following reasons:

The Board of Directors and management of the Company are strongly opposed to apartheid. The Company believes its opposition to apartheid has been demonstrated in several ways, including early integration of common facilities within its headquarters, plants, and offices; equal treatment of all races; and fostering an atmosphere of equality and harmony.

Since March 1986 the Company has not owned or participated in any manufacturing operations in South Africa. The Company's present activities in the country are limited to the sale and service of products. Sales are through independent distributors and sales representatives or by direct sales to South Africa Airways. In 1988 total sales through these entities was slightly more than \$4,000,000, which is less than three-tenths of one percent of the Company's total 1988 sales.

The Company is of the opinion that the termination of the distributor and sales representative agreements would not have any impact because the Company's products could be obtained through other sources located outside of South Africa.

Since the Company's involvement with South Africa is minimal, the Board believes the adoption of the shareholder's proposal is inappropriate. The Board further believes that any decision to discontinue activities in South Africa must be made independently by the Board of Directors taking into account the interests of the Company, its employees and stockholders.

The approval of the preceding proposal will require the affirmative vote of the holders of a majority of the Common Stock present in person or represented by proxy at the meeting. *The Board of Directors recommends that the stockholders vote against this proposal.*

OTHER BUSINESS TO BE TRANSACTED

At the date of this statement the foregoing is the only business which the management intends to present or knows that others will present at the meeting. In the event that any other matters shall properly come before the meeting, it is the intention of the persons named in the enclosed proxy to vote such proxy in accordance with their judgment on such matters.

Independent Certified Public Accountants

Grant Thornton was the Company's independent certified public accountants for 1988. Representatives of this accounting firm will be present at the meeting and will be given an opportunity to make any comments they wish and will be available to respond to any questions raised at the meeting.

On March 3, 1989, the Company advised Grant Thornton that the Company intends to retain a different independent certified public accounting firm for 1989. The Audit Committee of the Company's Board of Directors recommended the action taken with respect to Grant Thornton.

Grant Thornton's reports on the financial statements for the past two years contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles. There has been no disagreement with Grant Thornton on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure during the Company's two most recent fiscal years or in the period since the end of the most recent fiscal year, which if not resolved to Grant Thornton's satisfaction would have caused Grant Thornton to make reference to the disagreement in its report. The Company has requested Grant Thornton to provide to the Company a letter addressed to the Securities and Exchange Commission stating whether it agrees with the statements set forth in this paragraph.

The Company is presently evaluating various independent certified public accounting firms to act as the Company's independent certified public accountants for 1989. As of March 13, 1989, the independent certified public accountants for the Company for 1989 have not been selected.

Stockholders' Proposals for 1990 Annual Meeting

Proposals of stockholders intended to be presented at the Annual Meeting in 1990 and which are to be included in the Company's 1990 Proxy Statement and form of proxy relating to that meeting must be received by the Company not later than November 8, 1989.

If you will be unable to be present in person at the 1989 Annual Meeting, you are urged to date, sign and return the enclosed proxy card in order that your shares may be represented at the meeting.

By order of the Board of Directors,

Rockford, Illinois
March 13, 1989

RICHARD M. SCHILLING,
Secretary

EXHIBIT A

SUNDSTRAND CORPORATION 1989 RESTRICTED STOCK PLAN

1. Purposes of Plan. The purposes of the 1989 Restricted Stock Plan of Sundstrand Corporation ("Sundstrand") are as follows:

A. To further the growth, success and interest of the Company and its stockholders by enabling key managerial employees of the Company, who have been or will be given responsibility for the administration of the affairs of the Company, to acquire shares of Sundstrand Common Stock under the terms and conditions and in the manner contemplated by this Plan, thereby increasing their personal involvement in the fortunes of the Company; and

B. To enable the Company to obtain and retain the services of desirable key managerial employees by providing such employees with an opportunity to become owners of Sundstrand Common Stock under the terms and conditions and in the manner contemplated by this Plan.

The term "Company" as used herein shall mean Sundstrand and its majority owned subsidiaries, including subsidiaries which may be created or acquired during the effectiveness of this Plan.

2. Administration of Plan. This Plan shall be administered by a Committee consisting of three or more directors to be appointed by the Board of Directors of Sundstrand for purposes of this Plan, none of whom shall be employees of the Company. The Committee shall interpret the Plan and to the extent and in the manner contemplated herein it shall exercise the discretion granted to it as to the determination of who shall participate in the Plan, how many shares shall be sold to each participant and the price at which shares shall be sold to participants. The Committee shall issue from time to time such rules and interpretations as in its judgment are necessary or appropriate in order to effectively administer the Plan.

3. Eligible Employees. Employees including officers of the Company who the Committee determines have and exercise management functions and responsibilities shall be eligible for participation under the Plan. However, no member of the Board of Directors of the Company shall be eligible to participate under the Plan unless he is also an employee of the Company, and no member of the Committee shall be eligible to participate under the Plan.

4. Shares Subject to Plan. An aggregate of 200,000 shares of the Common Stock, \$1 par value, of Sundstrand shall be subject to this Plan either from authorized but heretofore unissued shares or from shares reacquired by Sundstrand, including shares purchased in the open market. The number of shares subject to the Plan and not then allocated shall be appropriately adjusted in the event of any one or more stock splits, reverse stock splits or stock dividends hereafter paid or declared with respect to such stock. If shares issued pursuant hereto shall have been repurchased by Sundstrand in connection with the restrictions imposed on such shares pursuant to this Plan, such repurchased shares again shall become available for issuance under the Plan prior to the termination of the Plan.

5. Price. The Committee in its absolute discretion shall determine the price at which shares shall be sold to participants hereunder, provided that such price shall in any event be payable in cash at the time the shares are sold hereunder and shall be not less than the par value of the shares sold.

6. Restrictions. All shares sold pursuant to this Plan shall be subject to the following restrictions:

(a) The shares may not be sold or otherwise alienated or hypothecated as long as Sundstrand has the right to repurchase the shares as hereinafter provided in this Section 6.

(b) In the event of termination of employment with the Company of a participant within five years after shares are sold to him hereunder, if such termination is for any reason other than normal retirement, death, total disability or early retirement with the consent of Sundstrand's Board of Directors or the Committee, Sundstrand shall have the option for 90 days following such termination of employment to buy for cash all or any part of the shares purchased hereunder by the terminating participant at his cost; and if such employment so terminates for any reason other than those described above more than five years but within nine years after his purchase of said shares, Sundstrand shall have the option for 90 days following the termination of such employment to buy for cash all or any part of the shares so purchased hereunder by such terminating participant which are at the date of such termination of employment still subject to the restrictions imposed hereunder, also at his cost.

(c) In the event a participant who has purchased shares hereunder terminates his employment with the Company because of normal retirement, death, total disability or early retirement with the consent of Sundstrand's Board of Directors or of the Committee, then Sundstrand shall not have the right to repurchase any of the shares as provided in subparagraph (b) above.

(d) Except as otherwise provided above, the restrictions imposed upon shares purchased by each participant hereunder shall be removed as to one-fifth of the aggregate number of shares purchased by him at one time upon the expiration of each of the fifth, sixth, seventh, eighth and ninth years after his purchase of such shares hereunder.

(e) In the event at any time the Company is dissolved or is a party to a merger or consolidation in which the Company is not the surviving corporation, the restrictions provided in this Section 6 shall automatically cease as of the effective date of such dissolution, merger or consolidation, as the case may be.

(f) Notwithstanding any other terms or conditions contained in this Plan, the restrictions provided in this Section 6 shall automatically cease in the event of a voluntary or involuntary termination with the Company of a participant for any reason within a two-year period after the occurrence of a Pre-Condition described below in this subparagraph:

"Pre-Condition" means that a person (as defined in Sections 13(d) and 14(d) (2) of the Securities Exchange Act of 1934, as amended), or a corporation or other entity controlled by the person, has

(i) merged or consolidated with the Company,

(ii) acquired substantially all of the assets of the Company, or

(iii) acquired securities of the Company having at least 20% of the combined voting power of the Company's then outstanding securities,

except in the case of a merger of another entity with the Company where the Company is the surviving corporation, the merger solely involved an acquisition by the Company of another business entity in which the Company issued its authorized but unissued or treasury stock to stockholders of the acquired entity, and over 80% of the combined voting power of the Company's stock after the merger is owned of record by stockholders of the Company prior to the merger.

7. Other Restrictions. The Committee may impose such other restrictions on any shares sold pursuant to the Plan as it may deem advisable, including, without limitation, restrictions under the Securities Act of 1933, as amended, under the requirements of any stock exchange upon which such shares or shares of the same class are then listed and under any blue sky or securities laws applicable to such shares.

8. Escrow or Legend. In order to enforce the restrictions imposed upon shares issued hereunder, the Committee may require any participant to enter into an Escrow Agreement providing that the certificates representing shares issued pursuant to this Plan shall remain in the physical custody of an escrow holder until any or all of the restrictions imposed pursuant to this Plan have terminated and the Committee may cause a legend or legends to be placed on any certificates representing shares issued pursuant to this Plan, which legend or legends shall make appropriate reference to the restrictions imposed hereunder.

9. Amendments. This Plan may be amended at any time by the Board of Directors of Sundstrand, provided that if this Plan shall have been approved by the stockholders of Sundstrand no such amendment shall increase the maximum number of shares that may be issued pursuant to this Plan except pursuant to Section 4 hereof without the further approval of such stockholders.

10. Termination. This Plan shall terminate and no further shares shall be sold or issued hereunder on February 15, 1999 or such earlier date as may be determined by the Committee. The termination of this Plan, however, shall not affect any restrictions previously imposed on shares issued pursuant to this Plan.